



Daily Report

East Asia

FBIS-EAS-95-211
Wednesday
1 November 1995

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DPRK Demands Power Facilities at Talks

SK2010014095 Seoul YONHAP in English
0124 GMT 20 Oct 95

[FBIS Transcribed Text] New York, Oct. 19 (YONHAP) — North Korea has reportedly demanded that the Korean Peninsula Energy Development Organization (KEDO) provide it with nationwide power distribution facilities and a nuclear fuel plant.

The demand was made at the second round of the KEDO-Pyongyang high-level talks now under way in New York City by chief North Korean delegate Ambassador-at-large Ho Chong, a source close to KEDO said Thursday.

KEDO rejected the demand on the grounds that it runs counter to international commercial practices and that it goes beyond the accord reached at the first round of high-level talks held in Kuala Lumpur last June, according to the source.

In their four-day meeting held at KEDO headquarters in New York City Thursday afternoon, the two sides negotiated such issues of contention as the scope of additional facilities to be included along with the light-water reactors as well as the terms of repayment.

Also discussed in the two-hour-long meeting are compensation for accidents which may occur during construction and after completion of the nuclear power plant, North Korea's obligation to freeze its nuclear development program and to allow inspections of its nuclear facilities, KEDO's obligation to make public the process of its nuclear power plant construction project, the official added.

The meeting was attended by four officials from each side. KEDO was represented by its Executive Director Stephen Bosworth (the United States) and Vice Executive Directors Choe Tong-chin (South Korea), Itaru Umez (Japan) and an interpreter. The North Korean team included Ambassador-at-large Ho Chong, Deputy Director-general Yi Yong-ho of the Foreign Ministry's America Bureau and an interpreter.

The source said, "North Korean demands are getting more specific as time passes. But it appears that it will be quite difficult for the two sides to conclude the projected light-water reactor light-water reactor supply contract during the current, second round of high-level talks."

The two sides agreed to have their experts review the wording of the proposed contract Friday morning at KEDO headquarters and to resume the high-level negotiations Saturday morning.

In the meantime, a KEDO team is scheduled to depart via Beijing for a second visit to Sinpo, North Korea, the proposed site of nuclear power plants, for a two-week

stay beginning Oct. 24 to conduct more surveys of the area.

International Global Warming Conference Opens

OW2410055395 Tokyo KYODO in English
0404 GMT 24 Oct 95

[FBIS Transcribed Text] Urawa, Japan, Oct. 24 KYODO — Representatives of local governments from around the world began a three-day conference Tuesday [24 October] in Omiya, north of Tokyo, to discuss their contributions to the fight against global warming.

The third local government leaders summit on climate change is sponsored by the government of Saitama Prefecture, the venue for the conference, and the international council for local environmental initiatives.

It is the first time the conference has been held in Asia, which is home to a number of rapidly developing economies.

Council Chairman Peter Heller told delegates in a speech at the opening of the conference that the world is experiencing record increases in temperatures and that if the trend continues, many island states could be submerged.

Heller said the world risks losing a number of civilizations, even within the lifetimes of those at the conference.

A total of 217 local governments from 55 countries, including Japan, are attending.

The delegates will also discuss how local governments can contribute to preventing global warming through the achievement of targeted reductions in greenhouse gases cited in the framework convention on climate change signed by 153 countries at the 1992 U.N.-sponsored Earth Summit in Rio de Janeiro.

Scientists suspect the temperature rises Heller referred to are due to increasing concentrations of "greenhouse gases," including those released in the burning of fossil fuels, which are trapping heat near the earth's surface.

On Thursday, the final day of the conference, the delegates are scheduled to adopt a "Saitama declaration" calling on local governments to actively contribute to preventing climate change.

Moves to prevent global warming are sometimes regarded as an inevitable impediment to economic growth in Asia, but since half the world's population lives in the region, a policy which ignores the region with its high dependence on fossil fuels is also inconceivable, organizers said.

For that reason alone, the conference is significant for its participation by some 60 local governments from the Asian region, they said.

in Okinawa Prefecture in early September — which has spurred moves to review the operational procedures of the Japan-U.S. Status of Forces Agreement — will be discussed in the final stage to work out the draft. However, it is believed that the document will probably mention the rape case in some form.

The two leaders will clarify their intention to make efforts with regard to readjusting and consolidating the U.S. military bases on Okinawa, which Japan and the United States have agreed to newly discuss through a consultation panel that will be set up. However, they will mandate that the readjustment and consolidation of U.S. bases should be promoted in line with maintaining the "objectives and operational requirements of the Japan-U.S. Security Treaty."

This takes into consideration the U.S. position that it "will discuss with the Japanese side readjustment and consolidation of U.S. military bases on Okinawa, but not the reduction of U.S. troop strength" (as stated by Assistant Secretary of Defense Joseph Nye).

Summit May Mention Work To Resolve Base Issue

OW3110154895 Tokyo KYODO in English
1511 GMT 31 Oct 95

[FBIS Transcribed Text] Tokyo, Oct. 31 KYODO — The Japanese and U.S. Governments agreed Tuesday [31 October] to mention efforts for resolving the question of U.S. military bases in Okinawa Prefecture in a joint declaration to be issued by their top leaders at the end of a summit in Tokyo next month.

The accord was reached during a meeting between Ryutaro Hashimoto, head of the Liberal Democratic Party (LDP), the dominant partner in the tripartite ruling coalition, and U.S. Secretary of Defense William Perry, Japanese officials said.

Perry arrived earlier in the day to lay the groundwork for the Tokyo summit Nov. 20 between U.S. President Bill Clinton and Prime Minister Tomiichi Murayama.

The two leaders are to issue the declaration to reconfirm the importance of the bilateral security in the post-Cold War era.

Hashimoto, also trade minister, and Perry confirmed that the two sides will make efforts to include reference to the bases issue in the planned summit declaration, the officials said.

Hashimoto told Perry that the security arrangement is the basis for important relations between Japan and the United States.

The LDP president added that in order to maintain the treaty, Tokyo would like to seek Washington's efforts

to resolve the recent uproar and demands for reduction in the U.S. military presence in Okinawa, triggered by the rape of a local schoolgirl, for which three U.S. servicemen have been indicted, they said.

Perry is scheduled to have separate talks Wednesday with Foreign Minister Yohei Kono and Defense Agency Chief Seishiro Eto to discuss mainly the bases issue.

The Hashimoto-Perry meeting was also attended by LDP Secretary General Koichi Kato.

Perry Agrees to Proposed Forum on U.S. Bases

OW0111034195 Tokyo KYODO in English
0326 GMT 1 Nov 95

[FBIS Transcribed Text] Tokyo, Nov. 1 KYODO — U.S. Defense Secretary William Perry agreed Wednesday [1 November] with Japan's foreign and defense ministers to set up a new mechanism to discuss realignment and consolidation of U.S. military bases in Okinawa prefecture, Japanese officials said.

Perry agreed on the Japanese proposal to establish the new forum during a meeting with Foreign Minister Yohei Kono and Defense Agency Chief Seishiro Eto at the Iikura Guesthouse in Tokyo.

Perry and the Japanese ministers confirmed the continued importance of maintaining the Japan-U.S. security alliance, not only for the safety of Japan but for the peace and stability of the Asia-Pacific region, the officials said.

They agreed it is important to issue a "strong and clear" statement reconfirming the two countries' commitments to the security alliance when U.S. President Bill Clinton and Prime Minister Tomiichi Murayama meet in Japan in November.

Opposition to the U.S. military presence in Okinawa has intensified in the wake of the rape of a primary schoolgirl there, for which three U.S. servicemen have been indicted.

Kono and Eto, touching on the Japanese coalition parties' proposal late Tuesday for a new plan to curb the U.S. military presence in Okinawa, urged efforts by Washington to further consolidate the U.S. bases.

Perry told Kono and Eto that the U.S. policy of maintaining 100,000 military personnel in the Asia-Pacific region, including about 47,000 personnel in Japan, remains unchanged, the officials said.

But he was quoted as saying the U.S. is willing to discuss ways to ease the burden of Okinawa, which has 75 percent of all U.S. bases in Japan.

The planned new mechanism to discuss the further consolidation of U.S. bases on Okinawa will be set up under the so-called "two-plus-two" meeting of Japanese and U.S. defense and foreign ministers, the officials said.

The specifics of the forum, such as the timing of the first meeting and the agenda, will be ironed out at working-level talks before the Clinton-Murayama talks on Nov. 20, they said.

In the new forum, the Japanese side will be represented by senior officials of the Foreign Ministry and the Defense Agency, while the U.S. side will consist of assistant secretaries from the State Department and the Defense Department, they said.

The Japanese and the U.S. sides are expected to discuss ways to realign and consolidate the U.S. bases in Okinawa from a long-term perspective in a way that would be consistent with the goals of the Japan-U.S. security treaty, the officials said.

There are about 30,000 U.S. troops stationed in Okinawa, where U.S. military facilities occupy roughly 20 percent of the Island.

The forum, tentatively called the "Ad-Hoc Action Committee," is likely to seek items, in addition to the 26 items already agreed on, for further consolidation.

The U.S. defense secretary also agreed with Kono and Eto to set up a working-level meeting under the forum, the officials said.

Since the abduction and rape of the schoolgirl in September, calls have mounted in Japan for cutbacks of U.S. military bases in Okinawa and for a revision of the Status of Forces Agreement.

In Wednesday's meeting, the U.S. side expressed a negative stance on the revision of the status of forces pact, saying that instead of revising the accord, the two sides should seek to solve problems surrounding the U.S. bases through discussions at the existing Japan-U.S. Joint Committee or at the newly set up forum, the officials said.

Japan and the U.S. agreed last week to make a change in the implementation of the status of forces pact, enabling the turning over to Japanese authorities of U.S. servicemen suspected of such serious crimes as rape and murder before they are indicted.

Perry arrived in Japan on Tuesday for a three-day visit.

The top Pentagon official is scheduled to hold a press conference and hold talks with Murayama later in the day. He will leave for Seoul on Thursday.

At a meeting between the Japanese and U.S. defense chiefs held after the tripartite meeting, the two countries agreed to reach a conclusion by the end of the year on 10 proposals carried over from 1990 on U.S. military facilities in Okinawa.

Paper Urges Perry To Recognize 'Actual Situation'

OW0111102095 Naha RYUKYU SHIMPO
in Japanese 1 Nov 95 Morning Edition p 5

[Editorial: "Have Perry Recognize Actual Situation Facing Okinawa"]

[FBIS Translated Text] In the face of upcoming Japan-U.S. summit talks, U.S. Defense Secretary Perry arrived in Japan, and a meeting will be held today to put the finishing touches on security issues that center on the base issues facing Okinawa.

At the Japan-U.S. summit talks scheduled for the middle of this month, the nations' top leaders are expected to reaffirm the security arrangements by expanding the security pact, which emphasizes ensuring bilateral security, to cover all of East Asia. Covering the East Asia region reflects the U.S. Armed Forces's recent announcement that it will continue deploying about 100,000 troops. However, this has a very important meaning for Okinawa, and we cannot sit on the fence.

In light of the two nations' behaviors so far, we think that it will be difficult to change the two governments' basic position that the security arrangements and military bases are indispensable to East Asia's security and prosperity. However, we wonder why the Okinawa residents, who were forced to accept the military bases, have to be continuously forced in the future to make sacrifices for the rediscovering and reaffirmation of the security pact. This is obviously unreasonable.

Secretary Perry, speaking at a lecture held just before his visit, said that the prosperity of the Asia-Pacific region has relied on the security arrangements by which U.S. troops are deployed forward, and that this fact should be kept in mind when dealing with that sort of case (the schoolgirl rape incident). In addition, comparing about 100,000 forward-deployed troops to a city of 100,000 people, he said: "Among them, there are imprudent persons, and what they do affects the relationship of alliance."

Of course the wrong-minded are seen in every country, region, and city. However, we wonder if the issues of the damages and casualties resulting from the existence of military bases on Okinawa should be dealt with in such a general way. Environmental pollution around military bases has been repeatedly pointed out, while intense, dreadful crimes occurred on Okinawa, where the United

States has military bases. These all resulted from the existence of the military bases, and we cannot ignore this fact. We urge the United States, on the occasion of its top leader's visit to Japan, to understand anew the actual situation facing Okinawa and to take the Okinawa residents' opinions seriously. Although the Japanese Government has worked out measures to settle the base issue by setting deadlines for the base streamlining and reduction plans already agreed upon, it is hoped that the government will offer a new proposal — including the possible relocation of bases to some location in the United States — which makes the U.S. side go so far as to say that this time Japan made harsh and strong demands.

Okinawa Drafts Status of Forces Accord Revision

*OW011112495 Tokyo KYODO in English
0549 GMT 1 Nov 95*

[FBIS Transcribed Text] Naha, Japan, Nov. 1 KYODO — The Okinawa Prefectural Government has drafted a major review of Japan's bilateral agreement with the United States on the legal status of U.S. Forces in Japan, seeking revisions to ease problems experienced by local residents and governments, local government sources said Tuesday [31 October].

The draft revision of the Status of Forces Agreement obliges the U.S. to close military facilities if they pose obstacles to local development projects, and it gives local governments the right to enter such facilities when noise or other environmental problems occur, the sources said.

They said Okinawa Gov. Masahide Ota plans to present the draft to Prime Minister Tomiichi Murayama in their scheduled meeting Saturday and to urge the premier to start talks with the U.S. to enact the proposed revision, which covers nine of the 28 articles in the accord.

They said the proposal has come in response to the upsurge in Okinawa of feelings against U.S. forces following the rape in early September of a Japanese schoolgirl, for which three U.S. servicemen have been indicted.

The Status of Forces Agreement became the target of public criticism because, under its terms, the U.S. was not obliged to hand over the rape suspects to Japanese police until after they had been formally indicted by Japanese prosecutors.

The pact has also become a focus for the resentment of Okinawa residents over the disproportionately huge presence of U.S. forces in their prefecture compared with other parts of Japan.

About 75 percent of U.S. military facilities in Japan are concentrated in Okinawa, which accounts for only 0.6 percent of Japan's total land area.

Concerning the second article of the Status of Forces Agreement, which stipulates that Japan must make land and facilities available to U.S. forces, the draft revision says the U.S. must return the facilities if asked to do so by the Japanese Government, because lack of access to them can have a big negative effect on local governments' development programs.

The revision by the Okinawa Prefectural Government also says that Japanese law should be applied to the noise and environmental problems stemming from U.S. bases, and states the right of local governments to enter the facilities in such cases.

The draft also calls U.S. forces to be banned from marching in privately-owned areas.

In addition, the draft states that Japanese authorities can detain U.S. military personnel suspected of any crime, and it makes clear the Japanese Government's obligation to pay compensation to victims for any crimes committed by off-duty U.S. military personnel.

A special bilateral committee is now working on improvements in the implementation of the existing Status of Forces Agreement, but the Japanese Government has indicated it does not plan to seek a revision of the pact itself.

Nosaka 'Tight-Lipped' About U.S. Troop Strength

*OW0111122995 Tokyo KYODO in English
1043 GMT 1 Nov 95*

[FBIS Transcribed Text] Tokyo, Nov. 1 KYODO — A Japanese Government spokesman was tight-lipped Wednesday [1 November] when asked whether the 47,000 U.S. troops deployed in Japan are as necessary as the United States says they are.

"Are the 47,000 troops absolutely necessary? The U.S. is saying they are," Chief Cabinet Secretary Koken Nosaka said at a news conference. "Please ask the Defense Agency chief about the matter."

Visiting U.S. Secretary of Defense William Perry said Wednesday the U.S. is committed to its security alliance with Japan in the post-Cold War era and to maintaining 100,000 forward-deployed troops in the Asia-Pacific region, including 47,000 in Japan.

The spokesman was also reticent about the possibility of moving some U.S. bases in Okinawa Prefecture somewhere else in Japan, saying only it is a "delicate" issue.

A rape of a local schoolgirl allegedly by three U.S. servicemen sparked a furor about the U.S. military presence in the southwestern Japan island prefecture.

Some 75 percent of all U.S. military facilities in Japan are located in Okinawa, which accounts for a meager 0.6 percent of the nation's land area.

DA's Murata Says U.S. Bases Difficult To Move

*OW0111122395 Naha RYUKYU SHIMPO
in Japanese 31 Oct 95 Morning Edition p 2*

[FBIS Translated Text] Tokyo — Naoaki Murata, administrative vice minister of the Defense Agency [DA] told a news conference on the afternoon of 30 October that "generally speaking," relocating U.S. military bases on Okinawa to mainland Japan would be "difficult, although I do not know what U.S. Secretary of Defense William Perry (who will visit Japan on 31 October) will propose."

Murata said: "I think it would be considerably difficult, considering the history and present situation of the bases and the problems with the local governments concerned." He thus stated his negative view on relocating the bases to mainland Japan. However, he expressed a positive view on finding a way to relocate the live-fire exercises that occur across Prefectural Highway 104 to other parts of mainland Japan. He said: "This issue has already been considered (between Japan and the United States). Budget allocations have also been compiled as well."

Yamasaki Urges Relocation of Some U.S. Bases

*OW0111125695 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 31 Oct 95 Morning Edition p 2*

[Interview with Taku Yamasaki, chairman of the Liberal Democratic Party's Policy Research Council, on 30 October; place not given]

[FBIS Translated Text] Taku Yamasaki, chairman of the Liberal Democratic Party's [LDP] Policy Research Council, granted an interview to NIHON KEIZAI SHIMBUN on 30 October. Regarding the reorganization and consolidation of U.S. military bases in Okinawa, Yamasaki explained his view that some of the U.S. Forces in Japan [USFJ] need to be relocated not to mainland Japan but to other countries. At the same time, he also explained that Japan should demand the United States move the USFJ to other countries at the 20 November Japan-U.S. summit talks. Although he did not actually say where the USFJ could be moved to, it seems he had Hawaii in mind.

On the issue of relocating the USFJ bases, Yamasaki stressed that: "We have to take concrete measures to

ease, to some extent, the excessive concentration of military bases on Okinawa. We will call on the United States to exert some effort." He then pointed out the following: 1. The idea of relocating the U.S. bases to other places in Japan is not a fundamental solution, because it will merely change the Okinawan issue into an issue for mainland Japan. 2. An attempt to settle the base relocation issue as a domestic issue for Japan may develop into a political issue, and the consequence may shake up the Japan-U.S. security system.

Regarding the ideal post-Cold War Japan-U.S. security system, Yamasaki said: "There is no change in our view that the most effective insurance for Japan's security is to firmly maintain the Japan-U.S. security arrangement." In this way, he stressed the significance of confirming, at the 20 November summit talks, the importance of the Japan-U.S. security system.

Regarding the cause for the troubles brewing between Japan and the United States, Yamasaki said: "Following the introduction of the new election system, many politicians have been unable to develop parliamentary diplomacy [giin gaiko] because they are preoccupied with activities in their own precincts. This is an important point that calls for grave reflection." In this way, he explained the view that a loss of a contact point for parliamentary exchanges was one cause.

Ambassador Kuriyama Comments on Japan-U.S. Ties

*OW0111114395 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 31 Oct 95 Morning Edition p 3*

[Interview with Takakazu Kuriyama, ambassador to the United States, by NIHON KEIZAI SHIMBUN reporter Hideo Kawai; place and date not given; first paragraph is introduction by Kawai]

[FBIS Translated Text] Washington — "Japan-U.S. relations," which were built up in the 50 years since the end of the war, have been greatly shaken by the controversy surrounding the U.S. military bases in Japan, which was sparked by the Okinawa incident. We asked an official in charge of Japan's relations with the United States what should be done to overcome the current crisis.

U.S. Taking the Situation Seriously

[Kawai] Japan-U.S. relations have been on shaky ground since the rape of a schoolgirl by U.S. servicemen on Okinawa. What is your view on both countries' reaction to this?

[Kuriyama] The United States takes the issue seriously, thinking there is a danger that the Japan-U.S. security

alliance could crack if the United States fails to respond sincerely. I think the United States is doing everything it can, for example, strictly enforcing official discipline of U.S. troops, reviewing the Japan-U.S. Status of Force Agreement, and discussing U.S. base-related problems on Okinawa. The State Department, Defense Department, and the White House are greatly concerned about the issue.

[Kawai] Are there problems with the way the Japanese Government has handled the situation?

[Kuriyama] I do not say that. There is a limit to what the United States can do, and logic alone cannot solve the problem, because it is deeply related to national sentiments. In this sense, it is a difficult matter to resolve. More specifically, the fact is that 20 percent of Okinawa has been taken up by U.S. military bases. Both the Japanese and U.S. Governments must make more efforts in tackling the reorganization and consolidation of the bases.

[Kawai] Some people in the U.S. administration have expressed dissatisfaction with Japan's political leadership.

[Kuriyama] The Okinawan people feel they are forced to bear an extremely heavy burden to maintain peace. Japan and the United States must consider their feelings. It is not a problem to be solved by the United States alone, the Japanese Government must consider it seriously.

The Japanese Government needs to make it clear to our people that "for the sake of Japan's security, Japan-U.S. security arrangements must still be firmly maintained after the Cold War and, because of this, we must bear some of the burden." The same thing goes for the United States. Efforts to obtain people's understanding is a responsibility that both governments must assume. There is a move to submit a document confirming the importance of security arrangements when U.S. President Clinton visits Japan. It is one way to take such responsibility.

[Kawai] Will the Okinawa base problems be included in the joint Japan-U.S. security statement?

[Kuriyama] Considering the impact of the problems, they must be referred to in the statement. Base reorganization and consolidation is an issue which the two countries should wrestle over earnestly. I do not think the base problems will be settled before President Clinton's Japan visit, but it is necessary to propose measures and procedures that can obtain people's understanding.

Intensifying Isolationism

[Kawai] Some people are worried, saying that if the Okinawa base problems get tangled, calls to abolish the Japan-U.S. security agreement would become stronger in the United States.

[Kuriyama] What Japan should be careful about is that some sort of isolationism lies beneath the surface of U.S. society. The United States deployed 100,000 servicemen in East Asia for the sake of Japan, Asia, and its own security. However, Americans generally believe that they are there to protect Japan. "If the Japanese people do not want the U.S. military, we will withdraw from there anytime." Such an argument could emerge from the U.S. Congress or the public.

Japan shares the financial burden for the U.S. forces stationed here. However, this does not mean much to most Americans, because they say that if U.S. forces withdrew, it would save Japan from spending extra money. In this context, the argument that stationing U.S. forces in Japan is inexpensive hardly cuts any ice. U.S. isolationism has intensified compared to when the United States withdrew from the Subic Naval Base in the Philippines. This is also indicated by the fact that the U.S. Congress strongly opposes the military deployment to Bosnia-Herzegovina.

Politics in Question

[Kawai] If U.S. isolationism and Japanese nationalism intensify, it will make solving the base problems more difficult. What do you think about this?

[Kuriyama] Looking inward is a problem afflicting the two countries. They are becoming inwardly oriented, although nowadays no problem in the world can be solved without mutual cooperation. This is the most serious problem in the world. Politicians today are asked to get this point across to the people.

Tokyo Accepts U.S. Demand on Port Facilities

*OW0111134595 Tokyo KYODO in English
1308 GMT 1 Nov 95*

[FBIS Transcribed Text] Tokyo, Nov. 1 KYODO — Japan has accepted a U.S. military demand to strengthen the functions of a military port in Okinawa in return for shifting a military port from Naha to Urasoe, Defense Agency sources said Wednesday [1 November].

The military port of 56.8 hectares with 12 ship berths in Naha is the second largest U.S. military facility on the main island of Okinawa after the U.S. base on White Beach.

The Naha military port is among 23 military facilities in Okinawa which the U.S. has agreed to return to Japan.

The facility in Urasoe would be 35.3 hectares in area with 12 berths, each of which would have a large crane.

The current port in Naha has no cranes, limiting its functions. Unloading freighters reportedly takes considerable time and except for the shipping of cargo from there during the 1991 Persian Gulf war, the facility is seldom used.

According to the transfer plans, the area may be reduced by as much as 60 percent, but with the addition of the large cranes, the port's ability to handle cargo will be multiplied several times.

The Defense Agency had originally proposed that the port's functions be transferred to White Beach, but the U.S. rejected the idea, saying White Beach is too far from existing backup facilities in Urasoe.

Agency officials said that Japan decided too quickly on the transfer of the Naha military port and now must accept U.S. proposals for enhancing the facilities.

Foreign Affairs Official Comments on Base Issue

OW0111135795 Tokyo SANKEI SHIMBUN
in Japanese 28 OCT 95 Morning Edition p 3

[FBIS Translated Text] Shunji Yanai, deputy vice minister of foreign affairs, gave an interview to SANKEI SHIMBUN on 27 October. He talked about the strain in Japan-U.S. relations as a result of the rape of a schoolgirl on Okinawa, and reiterated the need for both sides to go back to the original rationale for signing the bilateral security treaty and to search for the best solution to this problem.

[SANKEI SHIMBUN] We have the strong impression that relations between Japan and the United States are strained.

[Yanai] I think relations are basically good, but unfortunately, the rape of a young schoolgirl occurred on Okinawa. It is perfectly natural that the Okinawan people, and even people outside Okinawa, should feel indignant. Seventy-five percent of the U.S. military facilities in Japan are concentrated on Okinawa. Around 20 percent of the land on the main island of Okinawa is being used by U.S. forces. This forms the backdrop to the problem.

[SANKEI SHIMBUN] How will this affect the bilateral security arrangements?

[Yanai] The important thing is for us to stop and think about the basic question of why Japan concluded the Japan-U.S. Security Treaty. The end of the Cold War is manifested in various ways in different areas. In the Asia-Pacific region, we can still find the remnants of the Cold War structure. China, another nuclear power, is in

this region. There is tension on the Korean peninsula and between the PRC and Taiwan. Russia also maintains an enormous military force in the Far East.

[SANKEI SHIMBUN] Are you saying the security treaty is necessary?

[Yanai] The world has not become safe after the Cold War. While the probability of a massive war has diminished, regional conflicts caused by ethnic and religious confrontation or other factors are increasing. In these circumstances, if Japan cannot maintain security on its own, it needs the United States' deterrence.

The United States also recognizes the necessity for peace and security in the Far East and East Asia. The bilateral security treaty continues to be of great importance to both sides. This basic tenet seems to have been overlooked in the emotional outbursts after the incident.

[SANKEI SHIMBUN] What do you think of the recent agreement on the implementation of the Status of Forces Agreement?

[Yanai] I think we have been able to take radical steps to improve judicial procedures. Under the present circumstances, where even people in the United States are saying the security treaty is unnecessary, the agreement opened a way for transferring custody of suspects prior to indictment, albeit only in specific cases.

[SANKEI SHIMBUN] Is there any concrete solution to the base issue?

[Yanai] The U.S. military bases significantly affect the lives of the Okinawan people. I myself was one of the officials involved in the negotiations for Okinawa's reversion, and I truly understand how hard this is on the Okinawans. Of the 23 proposals for reorganizing and consolidating bases, 13 have been taken care of. Three items agreed upon last January are also in the process of being resolved. We are now studying what else we can do, how to do it, and where to discuss it with the United States.

[SANKEI SHIMBUN] When will there be a concrete plan?

[Yanai] One target date is the visit of Defense Secretary William Perry on 31 October. Another is President Bill Clinton's visit to Japan in November. On these occasions, certain procedures will be undertaken, taking into consideration both the requirements for attaining the goals of the security pact and the Okinawans' sentiments.

Tokyo Urged To Reconfirm U.S. Forces Accord

OW0111050695 Tokyo YOMIURI SHIMBUN
in Japanese 29 Oct 95 Morning Edition p 21

[Article by news commentator Masayuki Mizuno]

[FBIS Translated Text] The government recently submitted to the Diet a new special accord on Japan's share of costs for supporting U.S. forces in Japan [USFJ]. The new accord will form the basis of the Japan-U.S. security treaty, which has lately been shaken by Okinawa's bases issue. The government should fully explain to the nation and the world why an early ratification of the new accord is necessary and why the Japan-U.S. security pact should be maintained.

The present special accord expires at the end of next March. Meanwhile, the new accord will support the reconfirmation by Japan and the United States of the significance of the security treaty at a summit meeting in November. Washington considers an early ratification of the new accord important because "it shows Japan's firm determination to maintain the bilateral security arrangements," (as stated by U.S. Ambassador to Japan Walter Mondale).

The Social Democratic Party of Japan has taken a cautious stand on the early ratification following the alleged rape of a schoolgirl by U.S. servicemen stationed in Okinawa. But there have been moves to ratify the new accord at an early date after Tokyo and Washington compiled measures to improve the implementation of the Status of Forces Agreement [SOFA] and the United States indicated that it would flexibly deal with the issue of consolidating and reorganizing U.S. bases on Okinawa on the condition that the present U.S. military strength in Japan be maintained.

Under the new accord, Japan will allow the U.S. forces to increase by 418 Japanese employees on U.S. bases from the current maximum of 22,637. It will also pay "transportation expenses" in the event that military exercise sites are to be relocated due to reasons on the Japanese side. The new accord is valid five years from FY96. Japan's contributions to the USFJ are expected to increase by about 3 billion yen under the new accord.

Attention is focused on "transportation expenses." The expenses will be paid when the U.S. forces relocate the functions of the facility in Okinawa for live-fire training across highway 104 to a Self-Defense Forces' training ground in mainland Japan in compliance with Okinawa's demand. Because of this, the early ratification of the new accord has been called for.

It is true that Japan is "reaching the limit" of its contributions to the USFJ, (according to a Defense Agency [DA] source). In the current fiscal year, Japan

should pay a total of 625.7 billion yen (including the so-called sympathy budget of 271.4 billion yen). The sum, which comes to about \$6.4 billion, is very large compared with what other U.S. allies expend for U.S. forces stationed in their countries: South Korea spends \$1.9 billion and Germany \$1.4 billion. This is why the United States (in the report on Japan-U.S. security arrangements released by the Department of Defense in March) that "stationing forces in Japan is highly cost efficient."

The SOFA stipulates that the United States should pay the necessary costs for maintaining the USFJ. However, with Japan's economic growth, the call became greater for Japan to share the costs as an allied nation. Since FY78 Japan has shouldered management and welfare expenses in labor costs. Since FY79, it has paid costs for constructing U.S. forces' billeting and family housing and for covering the portion of Japanese workers' salaries that exceeds the level of national civil servants' salaries.

The former Nakasone cabinet decided to pay Japanese workers' allowances beginning in FY87. As a temporary step, the cabinet also made the agreement on Japanese spending for the USFJ a special accord without revising it. Moreover, at the time of the Gulf war the former Kaifu administration concluded the present accord before the previous one expired a year later to increase Japan's contributions to the USFJ by shouldering Japanese workers' basic salaries and the utility expenses at the bases from FY91. As a result, Japan's share now accounts for 70 percent of total costs for maintaining the USFJ. Also, the sum of the present sympathy budget is almost 10 times larger than the initial one.

Some people are critical of the sympathy budget, claiming that the government adopted it by "interpreting the SOFA in its favor." The DA also expresses dissatisfaction with the budget, calling it a primary cause of restrained budget for procuring frontal equipment. Thus, the government repeated tough negotiations with the United States on a sympathy budget, during which Washington even demanded Japan pay costs for operating school buses. It is the government's task to seek an appropriate share for Japan.

When discussing the new special agreement, we should know that Japan cannot carry out its security policy without the USFJ and that Japan's share of costs for supporting the USFJ is necessary as long as unstable factors exist around Japan in the post-Cold War era. Also, in view of the fact that the Japan-U.S. security treaty imposes the duty of defending Japan only on the United States, the special accord is imperative to convince U.S. Congress that Japan and the United States

need to maintain an alliance even in this post-Cold War age. The accord is also a "proof of Japan's strong determination to maintain the security arrangements with the United States," (according to a DA source).

It is important for Japanese politicians to explain to the public why Japan should continue to share the costs for supporting the USFJ and maintain the Japan-U.S. security pact. The United States has begun to express dissatisfaction with Japanese politicians' silence. This discontent is evident from recent remarks made by Joseph Nye, U.S. assistant secretary of defense, that "Japanese leaders should tell their people that the issue of whether or not Japan will be isolated in East Asia for the next 10 years is more important."

Although the issue of scaling down U.S. bases on Okinawa has yet to be resolved, the government should send a clear message regarding the significance of the Japan-U.S. security treaty.

Official Disputes U.S. Base's Pollution Report

*OW0111050525 Tokyo KYODO in English
0020 GMT 1 Nov 95*

[FBIS Transcribed Text] Yokohama, Nov. 1 KYODO — The U.S. military has asked the Japanese Government to deal with emissions from a nearby incinerator which it believes are causing air pollution at the Atsugi Naval Base in Kanagawa Prefecture, officials at the base said Wednesday [1 November].

The U.S. military made the request to the environment agency on Oct. 13 with a report detailing its survey of air samples taken from two sites on the base from July to September last year, they said.

The report, a copy of which was obtained by KYODO NEWS SERVICE, shows that 37 pairs of air samples from the two sites contained 12 types of toxic pollutants such as cancer-causing dioxins.

"The average cancer risk for people living on the base for three years is estimated at 40 additional cases per million people for adults and 110 additional cases per million for children," the report says.

The risk is far higher than that allowed under U.S. air quality regulations on toxic air pollutants based on their cancer risk. There are no such cancer-risk-based regulations in Japan.

The incinerator in question south of the base has been operated by Jinkanpo Co., a private company, since 1985.

A Jinkanpo official said the company abides by Japan's air pollution regulations and regularly undergoes inspections by the Kanagawa Prefectural Government.

"There are emissions originating from the base itself and aircraft, so there is no clear links between the toxic pollutants and the incinerator," the official said.

"It does not stand to reason that the base makes demands on the basis of U.S. standards while hiding environmental problems caused by the base itself for military reasons," the official said.

An environment agency official said the agency is scrutinizing the report by the Atsugi Base and is discussing with the Kanagawa Prefectural Government and the Health and Welfare Ministry on how to deal with the case.

"It's difficult to deal with the case if there is no violation of Japanese legislation," the official said.

Yeltsin's Close Aides Said Gaining Power

*OW0111053595 Tokyo YOMIURI SHIMBUN
in Japanese 31 Oct 95 Morning Edition p 5*

[By Hiroyuki Fuse]

[FBIS Translated Text] Moscow, 30 Oct — As a result of Russian President Boris Yeltsin's rehospitalization, some political ill effects that have long been noted are being caused by close aides and once again coming to the surface. A delicate "discrepancy" has been noted between the presidential administration and the government in the announcement on the postponement of the president's visit to China and also on the president's condition. It has been observed in some quarters that Premier Viktor Chernomyrdin has been kept away from President Yeltsin by a group of close aides.

The postponement of the president's visit to China was announced by First Presidential Aide Ilyushin at the news conference held on the evening of 26 October, the same day President Yeltsin was hospitalized. A source at the Russian Foreign Ministry said that in making this "announcement," "consultations were held" between the presidential office and the Foreign Ministry. However, while avoiding stating clearly whether the consultations were held prior to the announcement, the same source admitted that the chief presidential aide had played a strong "leading role" in handling of foreign affairs.

Moreover, there was a discrepancy in views on the president's conditions between Premier Chernomyrdin and the presidential administration. On the evening of 27 October, the premier stated his optimistic view to reporters, saying that "the president will be discharged from hospital in one week." However, immediately after this, Presidential Press Secretary Sergey Medvedev made an official announcement on the "prolonged

hospitalization until late November," thereby causing the premier to lose face.

Naturally, there is no denying that the sudden hospitalization and simple misunderstanding are factors. However, it has been observed that there are signs of "high-handedness" in the group of close aides in the presidential administration and that they are taking action without consulting with either the government or the Foreign Ministry.

Aleksey Arbatov, an expert on foreign affairs and director of the Disarmament Department of the Research Institute of World Economy and International Relations, is also a member of the Lower House elected from the democratic faction "Yabloko" (with former Vice President Yavlinskiy as the party head). Arbatov stated: "It is reasonable for the Foreign Ministry to make official announcements on important decisions on foreign affairs such as the postponement of the president's visit to China. Even from the standpoint of diplomatic etiquette, it is questionable for a presidential aide, who is not in charge, to make such an announcement. Moreover, it seems probable that Premier Chernomyrdin has not been accurately informed of the president's conditions." Then he pointed out that if the president's hospitalization were to be prolonged, there is a danger that "Cossack democracy (a state of anarchy in which individuals have their own way) practiced by close aides may be translated into reality."

Moreover, Chief Editor Viktor Kvarzuin [name as transliterated] of ROSSIYA, a monthly on history and politics, stated: "The point at issue lies in the fact that almost all powers are concentrated, both legally and actually, in the president's hand. Once the president becomes absent, it will be more difficult to control the presidential administration." Thus, he stressed that it is the system that has allowed close aides to gain political power.

Foreign Minister Kono Meets German Counterpart

OW3110161595 Tokyo KYODO in English
1521 GMT 31 Oct 95

[FBIS Transcribed Text] Tokyo, Oct. 31 KYODO — German Foreign Minister Klaus Kinkel said Tuesday [31 October] German-French ties are too important to risk a rift over French nuclear tests, a foreign ministry spokesman said.

Kinkel told Japanese Foreign Minister Yohei Kono that he is personally opposed to nuclear testing and has also conveyed this view to his French friends, but that even if France conducts nuclear tests, Germany does not want to jeopardize the special relationship with its neighbor, the spokesman said.

Defying international protests, France exploded its third nuclear device in the South Pacific in two months last Friday.

Kono disagreed with the German stance, saying Japan is opposed to all nuclear tests and has frozen grants-in-aid to China after that country conducted its second nuclear test this year in August, the spokesman said.

Kono said Tokyo will continue to strongly urge both France and China to halt nuclear testing.

He also said Japan hopes to win maximum support for a UN resolution seeking an immediate end to nuclear weapons tests in an effort to create a favorable environment for the early conclusion of a planned comprehensive test ban treaty.

Kinkel, who arrived in Tokyo earlier Tuesday directly from a meeting of European Union (EU) foreign ministers in Luxembourg that focused on the civil war in Bosnia-Herzegovina, said the EU hopes to win Japanese assistance for the reconstruction of the civil-war devastated country, the spokesman said.

Turning to Russia, Kinkel said President Boris Yeltsin's health "is not good," adding Russia's alienation from Europe over Bosnia and the East European countries' wish to join NATO is a dangerous situation that must be addressed to ensure political and economic safety in Europe.

Kono told Kinkel that Japan expects European nations to show more interest in efforts to halt North Korea's alleged nuclear weapons program, the spokesman said.

The two ministers concurred that Japanese-German relations are troublefree and that bilateral cooperation should be developed further, especially on global issues.

Kono said bilateral foreign ministerial talks, which have not been held since 1992, should be held at least twice a year.

Kinkel Urges Bonn-Tokyo Agenda on Global Issues

OW0111115595 Tokyo KYODO in English
0703 GMT 1 Nov 95

[FBIS Transcribed Text] Tokyo, Nov. 1 KYODO — German Foreign Minister Klaus Kinkel on Wednesday [1 November] called for a "German-Japanese joint agenda" on urgent global issues, and for stronger ties between Japan and the European Union (EU).

Kinkel said Japan and Germany must take political responsibility commensurate with their economic weight and "use their entire potential to work comprehensively to find a solution to the pressing problems of our time."

He cited as examples the reconstruction of civil-war torn Bosnia, the stabilization of reforms in the former Soviet Union, the integration of China into multilateral political cooperation and efforts to fight nuclear proliferation, the conservation of the rain forests and the protection of the earth's atmosphere.

"All of that cannot be achieved without the full cooperation of our countries. And that's why achieving those goals must become a German-Japanese joint agenda," Kinkel said in a speech in Tokyo.

He said Japan and the 15-nation EU must expand dialogue and cooperation beyond trade issues to build a well-balanced power triangle with the United States in order to foster reforms in China and Russia, global disarmament and nuclear nonproliferation, free world trade and ecologically oriented stable economic growth.

He urged Japan's participation in the reconstruction of Bosnia and hailed the work of Yasushi Akashi, the former head of UN Peacekeepers in the former Yugoslavia, as "truly outstanding."

Kinkel, who arrived Tuesday for regular foreign ministerial talks — which have not, however, been held since 1992 — said Bonn aims to achieve continuous and close political dialogue with Tokyo.

He said that despite increasing German investment in other parts of a booming Asia, "Japan remains Germany's most important partner in Asia, economically and politically."

Increasingly fierce economic competition on the world market must not be allowed to spill over into the political sphere or lead to protectionism, he said.

Kinkel suggested that Japan should expand its trade with Russia in order to foster a solution to the longstanding territorial row over four Russian-held islands off Hokkaido that are claimed by Japan.

"Trade and direct human encounters have always been great political door-openers," he said, while warning Tokyo against missing business opportunities as Russia's fledgling market economy appears set for growth.

Kinkel asked for Japan's understanding of Bonn's reluctance to openly criticize Paris for conducting nuclear tests in the South Pacific, arguing that France is Germany's closest "partner and friend."

"We understand the Japanese people's great disappointment over the resumption of nuclear testing. Our people have very similar feelings...[ellipses as received] However, the German-French relationship is the mainstay of European integration and must not be damaged," he said.

Pakistani Urges Pressure on India To Join NPT

OW3010061395 Tokyo KYODO in English

0503 GMT 30 Oct 95

[FBIS Transcribed Text] Tokyo, Oct. 30 KYODO — Pakistan's senate chairman Wasim Sajjad Jan urged Japan on Monday [30 October] to press India to join the nuclear Nonproliferation Treaty (NPT), saying Pakistan would follow suit if India did so, Foreign Ministry officials said.

The Pakistani parliamentary leader made the request at a meeting with Prime Minister Tomiichi Murayama at the premier's official residence, the officials said.

Murayama replied that Japan's position is to aim at ultimately eliminating nuclear weapons and that he will strive for resolution of the issue on a global scale.

Sajjad also called for Japan's cooperation in solving the dispute with India over Kashmir, using the influence of Japan's official development assistance to New Delhi.

Murayama said the dispute is a bilateral problem between India and Pakistan, and urged the two countries to work for a settlement.

Washington's Lower Profile in APEC Forum Viewed

OW0111011695 Tokyo KYODO in English

2328 GMT 29 Oct 95

[Sixth in a series of articles on the upcoming APEC Talks in Osaka by Kohei Murayama: "U.S. Backing Off From Active Stance on APEC Forum"]

[FBIS Transcribed Text] Washington, Oct. 29 KYODO — The United States is adopting a somewhat lower profile in the 18-member Asia-Pacific Economic Cooperation (APEC) forum than it did two years ago when initiating the Seattle summit.

President Bill Clinton pushed that APEC meeting to spur momentum toward freeing trade in the regional group, and with other leaders lauded the agreement last year in Bogor, Indonesia, for developed nations to free trade by 2010 and developing nations by 2020.

But while U.S. trade policy remains focused on Asian markets to boost exports to the world's economic growth center, the stakes are becoming higher as disputes among APEC members surface with the approach of November's third summit in Osaka, aimed at forging an "action agenda" for concrete steps toward the free trade goal.

For the democratic Clinton administration, avoiding policy blunders is apparently its top priority ahead of

the presidential election next year, given that Congress is led by the Republicans.

Against this backdrop, U.S. policymakers are pursuing a stringent bilateral negotiation strategy that is more appealing to short-term domestic interests, as seen in the retaliatory threats taken in auto trade talks with Japan.

While business circles welcomed the tough stance for leading to an agreement with Japan in June, some lawmakers criticized it for aggravating other Asian nations.

Reflecting such fragile domestic reactions, an APEC source said the U.S. even sounded out Japan about the possibility of postponing establishment of the main principles for free trade — the major issue in ongoing consultations — until next year's summit in Manila.

The U.S., Canada, Australia, Indonesia and some other nations are insisting that principles for trade and investment liberalization must be comprehensive and without exceptions.

But Japan, South Korea and China are calling for flexible principles to leave room for sensitive areas like farm products.

Any concessions on the U.S. side could lead to a major blow for the Clinton administration in domestic politics, possibly losing it support from business circles and inviting congressional criticism as when the administration pushed through the North American Free Trade Agreement with Canada and Mexico.

"The United States should not agree to exclusions for sensitive sectors, such those being suggested by some APEC members for agriculture," Clinton's influential advisory committee of top business executives said in a recent report.

"Free trade requires that coverage of the ultimate APEC liberalization plan be as comprehensive as possible," the report by the advisory committee for trade policy and negotiations said.

In a recent interview with KYODO New Service, deputy U.S. Trade Representative Charlene Barshefsky said, "We believe that comprehensiveness is critical to the credibility of the APEC process and critical to ensure that free and open trade in the region does come about."

Clinton himself has vowed to pursue business interests in those areas perceived as sensitive by some APEC nations.

"The new areas that have recently been suggested for international negotiations — agriculture, services, intellectual property, competition policy — are all areas where the competitive balance is strongly in the United

States' favor," according to the 1995 Economic Report of the President submitted to Congress in February.

W. Bowman Cutter, deputy assistant to the President for economic policy, told reporters recently the U.S. will continue the strategy of prying open foreign markets under threat of unilateral sanctions.

"For the foreseeable future, I would expect that bilateral negotiations and agreements have a role that is both supportive of, and occurs parallel with, multilateral discussions," Cutter said.

But China and Malaysia have openly expressed concern that the U.S. intends to win commitments in sensitive areas through the APEC forum as its basis for pushing bilateral negotiations.

Barshefsky said, "Taking sectoral exclusions now prejudices that in 2010 or by the year 2020 the sectors that are sensitive now will remain so."

"We have no way of knowing that," she said. "We should be as open-minded as possible and we should be as expansive as possible, leaving open all options toward free and open trade in the region."

The advisory committee said, "our APEC partners must understand that easing trade barriers will not deter the United States from its requirements on market access."

Worried Asian nations are calling for creating a dispute settlement mechanism in the APEC forum and implementing agreements on a nondiscriminatory basis, but the U.S. opposes both proposals.

This U.S. policy of creating concrete action plans is a seeming retreat from Clinton's initiating of the APEC summit two years ago to change the "loose" forum into a "new Pacific community."

But Republicans remain critical of Clinton for emphasizing bilateral retaliatory strategy rather than multilateral commitments.

Referring to the auto trade negotiations with Japan, U.S. House of Representatives Speaker Newt Gingrich slammed Clinton's trade policy as "an absolute insane long-range strategy."

Clinton's retaliatory policy "is weakening our grip with Japan and it is sending a signal to every other country on the planet that the largest exporter in the world, the U.S., is legitimizing unilateral attacks," Gingrich said.

"There will be a day when this administration will have sowed the seeds of the dragon and all over the world there'll be little countries picking fights with us, and they'll say... [ellipses as received] You did it, don't blame us," he said.

ROK Official Discusses APEC, ASEAN Goals

*OW0111044195 Tokyo KYODO in English
2330 GMT 30 Oct 95*

[Seventh in a series of articles on the upcoming APEC Talks in Osaka by Cho Kyong-uk: "Osaka APEC Meeting a Test of ASEAN's True Aims"]

[FBIS Transcribed Text] Seoul, Oct. 31 KYODO — If members of the Asia-Pacific Economic Cooperation (APEC) forum remember that it was founded as a "consultative" rather than a "negotiating" body, differences between them can easily be resolved at the upcoming Osaka talks, a senior South Korean official said.

Lee Chong-ku [name as received], director general of the International Trade Policy Bureau at the Ministry of Trade, Industry and Energy, said in an interview with KYODO NEWS SERVICE that APEC's role is simply to encourage economic cooperation rather than decide rules.

"APEC, as a fragile union, was originally established to promote economic cooperation in the Asia-Pacific region," Lee said in response to a question as to whether the APEC session in Osaka on Nov. 16-19 can reach a successful conclusion despite seemingly irreconcilable differences among members over farm trade.

"If every member of APEC takes one step back and thinks about what APEC truly intended to realize at its outset, some pending issues will be resolved easily," he said.

He emphasized that APEC is totally different from other trade blocs such as the North American Free Trade Agreement (NAFTA), which were built with the intention of forging unified policies among member countries.

Nevertheless, Lee said, APEC has achieved notable results in harmonizing certain areas.

"We should not judge whether APEC has made tangible progress or not by only looking at some sensitive areas such as the agricultural issue, while fruitful results have already come out from other areas," he said, citing efforts being made to simplify and harmonize customs clearance procedures as an example.

Lee recognized that it is "natural" for disagreements to emerge since "the countries that comprise APEC are very diverse, not only in terms of social and cultural background but also in political systems and economic development."

But he is optimistic about the outcome of the Osaka talks, saying, "compromise terms are likely to be worked out at the APEC meeting."

Lee voiced optimism despite the failure of senior officials from APEC members to reach agreement in recent talks in Tokyo on an "action agenda" to be adopted at Osaka as a plan for liberalizing trade and investment in the region by 2020.

The sticking point was the principle of "comprehensiveness" in introducing free trade, which calls for accords to be applied to all industrial sectors without exception.

A clear break has developed between the proponents of complete liberalization, such as the United States, Canada and Australia, and others among APEC's 18 members — South Korea, China, Taiwan and Japan — which want agriculture to be excluded from completely open markets.

This division could prove to be embarrassing for Japan, whose prime minister will have to balance domestic demands for a protected agricultural market against the need to help mold and to follow APEC's policies on farm trade.

Asked what role South Korea expects of Japan as chair of the APEC meeting, Lee expressed the hope that Japan would bring the event to a smooth conclusion and try to resolve pending issues from an objective point of view.

"Especially on the agricultural issue, South Korea and Japan are in a position to forge a common stance at the Osaka summit and Japan is expected to closely cooperate with South Korea over the issue," Lee said.

Lee also commended a report by the Pacific Business Forum, saying, "It deserves close examination at the APEC meeting." The business forum is comprised of representatives of big and small businesses from each APEC member.

Also expressing a rosy view of the Osaka gathering, South Korean Foreign Minister Kong No-myong said recently that "there is no reason why we should be pessimistic about a successful outcome of the APEC meeting."

Kong told foreign correspondents in Seoul, "We are working very earnestly to have the action agenda based upon principles of liberalization of trade and investment as declared in Bogor last year."

But a South Korean lawmaker said that lawmakers from Japan and South Korea are seeking to form a united front on the agricultural issue in opposition to excessive liberalization.

"I have already made a proposal to Toshikatsu Matsuoka, a lawmaker of Japan's Liberal Democratic Party, and we will also study close cooperation with Taiwanese

lawmakers in order to jointly counter any unfair pressure being put on our farmers," said Kim Young-jin of the main opposition National Congress for New Politics.

Kim and Matsuoka are currently leaders of the Associations of South Korean and Japanese parliamentarians representing rural areas.

Envoy Fails 'To Dissuade' Li From Attending APEC

*OW3110155995 Tokyo KYODO in English
1512 GMT 31 Oct 95*

[FBIS Transcribed Text] Hong Kong, Oct. 31 KYODO — Japanese Government Envoy Nobuo Matsunaga failed to dissuade Taiwanese President Lee Teng-hui from attending the November summit of the Asia-Pacific Economic Cooperation (APEC) forum in Osaka, Taiwan's Central News Agency reported Tuesday.

Matsunaga, former ambassador to Washington, talked with Lee but failed to reach consensus on the issue, the report said.

Matsunaga left Taipei after a two-day visit to Taiwan, it said.

A Taiwanese foreign ministry official said Japan is expected to send another envoy to Taiwan shortly, but the date and other details have not yet decided, according to the report.

Complexities of Taiwan's APEC Attendance Viewed

*OW0111045695 Tokyo KYODO in English
2347 GMT 31 Oct 95*

[8th in a series of articles on the upcoming APEC Talks in Osaka by Pilar Pereyra: "China Complicates Taiwan's Ties With APEC"]

[FBIS Transcribed Text] Hong Kong, Nov. 1 KYODO — Taiwan rejoiced over its admission to the Asia-Pacific Economic Cooperation (APEC) forum four years ago, hoping participation in the increasingly political trade forum would also help the Island's efforts to gain broader political recognition.

But China, which has considered Taiwan a rebel-held province ever since the Chinese nationalists moved their government there after losing the Civil War in 1949, has consistently undermined such efforts.

Due to Beijing's objections, APEC could only bring in Taiwan — as well as Hong Kong — by billing itself as a grouping of economies rather than a grouping of sovereign states.

China also made sure that a memorandum of understanding was signed over Taiwan's name, stipulating that within APEC Taiwan would be called "Chinese Taipei" and never be referred to as the Republic of China.

Tension is still high in Taiwan's relationship with the 18-member trade forum, especially in light of Taiwan President Li Teng-hui's plans to attend an informal summit of APEC leaders in Osaka on Nov 19. China says it will boycott the meet if Li attends.

Japan, which as the host country has the final say, says it will follow the protocol of the two previous APEC summits in Seattle, the United States, and Bogor, Indonesia.

To Taipei's frustration, Li was invited to neither meeting and the Island was represented by its economics minister instead.

The row over Li's attendance has also cast a shadow over Tokyo's ties with Taipei. Li has accused Japan of "cowardly" behavior and bowing to Chinese pressure.

In a three-day visit to the Island in mid-October, Hiromoto Seki, the Japanese ambassador in charge of APEC affairs, failed to settle the matter amicably in the face of the Taiwan Government's insistence on Li's presence at the leaders' summit.

Taiwan has argued that all 18 APEC members should be represented at the summit by envoys of equal rank.

"We are participating in APEC as an economic member and should be treated equally — we're opposed to any kind of discriminatory treatment," Taiwan's Economics Minister Chiang Pin-kun said in an interview with KYODO NEWS SERVICE. "If President Li participates, he can make a clear contribution."

Taiwan Foreign Minister Chien Fu has said it is the government's top goal to send Li to Osaka.

But sensitive ties between China and Taiwan, which became severely strained in June when Li defied Chinese protests and made a private trip to the U.S., are complicating the Island's relationship with APEC.

"We will do some things and China will say you can't do this or that... [ellipses as received] China obstructs many of our activities (in APEC) because they say we're not a country," Wu Chieh-ming, director of the Taiwanese Economic Ministry's Far East Trade Service Inc. in Hong Kong, told KYODO in a recent interview.

Despite political intricacies across the Taiwan Straits, Taiwan finds itself in the same boat with China when it comes to opposing APEC plans to include the

agricultural sector in the forum's action agenda for trade and investment liberalization.

Taiwan farmers have traditionally relied on a protectionist government policy combining price supports, tariffs, trade bans and other de facto trade barriers.

Chiang, the economics minister, insists that Taiwan has made efforts to open its agricultural market. "We've reduced the tariffs on agricultural products from 34.8 percent to 21.6 percent in the past 10 years," he said.

The Far East trade service's Wu also warns against quickly liberalizing the farming sector. "We can't completely open up our agricultural market," he said. "For example, we can't just open up rice or fruits — we need about five or six years before we slowly open up."

Despite the problem of agriculture, Taiwan maintains strong support for APEC and is clearly satisfied with the results of the relationship.

It also hopes that its participation in APEC will boost its bid to join the World Trade Organization (WTO), along with China.

"To realize WTO membership, we'd like to positively cooperate with APEC... [ellipses as received] The direction of trade liberalization in the WTO and APEC is the same, cooperating with APEC members will lead us to WTO membership," Chiang said.

Tokyo Favors Extending MFN Status to Nonmembers

*OW0111082695 Tokyo KYODO in English
0753 GMT 1 Nov 95*

[FBIS Transcribed Text] Tokyo, Nov. 1 KYODO — A Japanese ambassador in charge of Asia-Pacific Economic Cooperation (APEC) affairs Wednesday [1 November] voiced anew Japan's opposition to the regional forum shifting to a so-called "free trade area" by clarifying its position that APEC trade benefits should be extended to nonmembers on an unconditional or most-favored-nation (MFN) basis.

Katsuhisa Uchida said Japan considers the MFN principle "the essence" of what is called open regionalism, a concept APEC has cherished since its foundation in 1989.

"APEC cannot legitimately discriminate against nonmembers," he said.

At a luncheon meeting sponsored by the Foreign Correspondents Club of Japan, Uchida said, "If APEC decides to go to the free trade area like the European Union, then benefits of APEC liberalization cannot be extended to nonmembers."

Uchida confirmed that APEC members have yet to reach consensus on whether APEC will adopt the concept of a free trade area.

He said APEC has to be consistent with rules stipulated under the General Agreement on Tariffs and Trade (GATT) and the World Trade Organization (WTO).

"As long as APEC wishes to remain GATT/WTO-consistent, a logical conclusion is that it has to extend its liberalization benefits globally and on an MFN basis without discrimination," he said.

Some APEC members like the United States are said to be in favor of a conditional or reciprocal approach in sharing benefits of APEC accords, using free trade arrangements.

The Bogor Declaration, issued by the 18 APEC leaders after their meeting in Indonesia last November, said APEC members "are determined to pursue free and open trade and investment in the Asia-Pacific in a manner that will encourage and strengthen trade and investment liberalization in the world as a whole."

Uchida said the Action Agenda, a set of APEC trade-freeing action guidelines to be formalized at the Nov. 19 APEC summit in Osaka, will likely avoid defining APEC's ties with nonmembers.

"We have decided to postpone discussion on the issue until when APEC becomes more matured and its liberalization and facilitation make steady progress. At least until that time, we keep the idea of open regionalism," he said.

On the controversial agricultural issue in setting general principles for the action agenda, Uchida reiterated Japan's stance in favor of flexible enforcement of APEC accords in "sensitive sectors."

At stake is whether or not APEC's comprehensive trade principle should be applied to all industrial sectors without any exception.

Japan, South Korea, China and Taiwan are requesting that special consideration be allowed in sensitive sectors like agriculture.

But the 14 other members, especially the U.S. and Australia, are against the idea and seek application of the principle to all sectors.

Uchida said he "very much regrets" reports that Japan is requesting exception to the principle.

"Japan has no objection to the principle, which is an important pillar of APEC's general principles," Uchida said.

But he also stressed the need "to recognize some flexibility" in implementing trade accords in sensitive sectors.

"We have to be pragmatic and practical — and make the action agenda workable," Uchida said.

He then brushed off allegations that Japan, host of this year's APEC round, is "derogating" the Bogor Declaration by allowing exceptions on thorny issues like agriculture.

"The Bogor Declaration should be a workable arrangement," he said.

Uchida sounded confident about a solution to the farm issue, saying, "I am cautiously optimistic about an amicable solution to this issue" at a ministerial meeting to be held immediately before the Osaka APEC summit.

Schedule of APEC Plenary Sessions Unveiled

*OW0111071295 Tokyo KYODO in English
0636 GMT 1 Nov 95*

[FBIS Transcribed Text] Tokyo, Nov. 1 KYODO — The government Wednesday [1 November] unveiled the schedule for the plenary sessions of the leaders and cabinet ministers of the Asia-Pacific Economic Cooperation (APEC) forum's members, who will gather in Osaka in mid-November.

The schedule of bilateral meetings between APEC leaders and ministers has not yet been decided, government officials said.

The APEC event will start Nov. 15 with a dinner for APEC cabinet ministers, commencing at 6:30 p.m. at Hotel New Otani, Osaka. The dinner will be immediately followed by an unofficial meeting of the ministers at the same place.

On Nov. 16, the APEC ministers will hold discussions in the hotel from 9 a.m. until 5:30 p.m. These will be followed by a reception from 7 p.m., to be co-hosted by International Trade and Industry Minister Ryutaro Hashimoto and Foreign Minister Yohei Kono.

On Nov. 17, the APEC cabinet ministers will hold another round of talks between 9 a.m. and 11:30 p.m. at the same venue. A 30-minute joint news conference will follow from 12:15 p.m., attended by all the ministers.

On Nov. 18, Prime Minister Tomiichi Murayama will host a dinner for the APEC leaders and ministers at the Royal Hotel in Osaka. The dinner will be immediately followed by an unofficial meeting of the APEC leaders at the same hotel.

The following day will begin with the taking of a joint photograph of the APEC leaders at the Osaka Geihinkan Guesthouse at 9:30 a.m.

The photo session will be followed by an unofficial meeting of the APEC leaders at the guesthouse from 9:45 a.m. until 3:30 p.m.

The APEC leaders will then release their joint communique at a 10-minute session with reporters starting there at 3:45 p.m.

Murayama will give a 30-minute news conference to respond to questions from both Japanese and foreign reporters, starting at 6 p.m., at the Hotel New Otani, Osaka.

Ministry Eyes Regional Free Trade Treaty

*OW0111092295 Tokyo KYODO in English
0831 GMT 1 Nov 95*

[FBIS Transcribed Text] Tokyo, Nov. 1 KYODO — The Ministry of International Trade and Industry (MITI) has begun considering the feasibility of concluding a regional free trade agreement under which Japan will play a central role, MITI officials said Wednesday [1 November].

Such an agreement may be necessary to prevent Japan from being isolated in pushing trade talks with its partners in view of the fact that most major trading powers have joined some regional trading arrangements, the officials said.

"Concluding a bilateral trade agreement with Singapore is one of the options Japan may select," said a senior official at MITI's International Trade Policy Bureau.

Most other possible partners in the regional trade treaty envisioned by MITI are Asian countries, informed sources said.

If the plan attracts broad-based support inside the government, it would mark a major turnaround from Japan's trade policy of distancing itself from any regional trading bloc, while placing emphasis on benefiting from the global free trading system through the World Trade Organization (WTO), they said.

MITI plans to subject the envisioned regional trading treaty to broad-based discussions after the upcoming meeting of leaders of the Asia-Pacific Economic Cooperation (APEC) forum scheduled for mid-November in Osaka, the officials said.

The trade ministry plans to come up with conclusions on the matter around next spring, they said.

MITI may consider such proposals as that to transform APEC into a trade grouping based on a regional treaty

or to conclude a treaty with South Korea or China, the informed sources said.

So far, the Japanese Government has been reluctant to conclude any regional free trade agreement for fear that it may lead to establishing exclusionary trading blocs hostile to each other, they said.

However, a senior MITI official said, "Among major trading nations, only a few countries, including Japan, South Korea, China and Taiwan, are not parties to any regional trade treaty."

"Competition to establish a wider sphere of influence through forming a trading alliance with other countries will intensify in coming years over the trade liberalization issue," the official said.

MITI is irritated at growing moves among Japan's major trading partners to expand the North American Free Trade Agreement (NAFTA) and the European Union (EU) after the Uruguay Round talks were wrapped up, MITI officials said.

MITI is alarmed by the implications of proposals to expedite the formation of the Free Trade Area of America (FTAA) combining the trading areas of North America and Latin America, and to establish a Trans-Atlantic Free Trade Area (TAFTA) between NAFTA and the EU, they said.

In Asia, MITI is monitoring moves toward the Association of Southeast Asian Nations' Free Trade Area (AFTA) and a parallel move to form a regional trading treaty centered on India.

MITI is worried that if Japan does not raise the possibility of forming a regional trading treaty in pushing its multilateral trade negotiations, it may be placed in a disadvantageous position in such talks, they added.

Daiwa Submits Plan to BOJ To Improve Supervision

*OW0111093995 Tokyo KYODO in English
0855 GMT 1 Nov 95*

[FBIS Transcribed Text] Tokyo, Nov. 1 KYODO — Daiwa Bank on Wednesday [1 November] submitted a plan to the Bank of Japan [BOJ] outlining measures to enhance its in-house supervisory system of traders to prevent a recurrence of incidents similar to the \$1.1 billion loss at its New York branch, BOJ officials said.

The plan is almost identical to the one it submitted to the Finance Ministry the preceding day.

The ministry ordered the bank to rewrite and resubmit the plan after incorporating into it more specific measures to improve its operations, ministry sources said.

The central bank officials refused to disclose the details of discussions that took place between the central bank and Daiwa officials who handed over the plan to the central bank.

MOF Rejects Daiwa Plan on In-House Inspection

*OW0111102295 Tokyo KYODO in English
0949 GMT 1 Nov 95*

[FBIS Transcribed Text] Tokyo, Nov. 1 KYODO — The Finance Ministry has rejected a set of enhanced in-house inspection measures submitted by the scandal-tainted Daiwa Bank as insufficient to prevent another trading scandal, Finance Minister Masayoshi Takemura indicated Wednesday [1 November].

"The ministry has ordered Daiwa Bank to present additional measures after examining the latest business improvement plan from a viewpoint of whether or not the steps were devised on the basis of reflection on the scandal," Takemura told a news conference.

Daiwa Bank submitted to the ministry Tuesday measures intended to strengthen in-house inspections and prevent a recurrence of scandal, such as the massive trading loss incurred at its New York branch.

That scandal involved forgery of trading documents as a means of covering up the loss, which amounted to \$1.1 billion over 11 years.

Takemura said, "The Finance Ministry wants Daiwa Bank to outline additional steps and look into the scandal more seriously."

Takemura confirmed the ministry has sent two senior ministry officials — Takatoshi Kato, vice finance minister for international affairs, and Sei Nakai, deputy director general of the ministry's banking bureau — to Washington for talks with U.S. financial authorities on the Daiwa Bank case.

Takemura did not give a specific purpose for their visit to the United States, except to say, "The meeting is not intended to be a petition to U.S. authorities on the Daiwa Bank case."

"The Finance Ministry has kept in close touch with U.S. financial authorities in the past. Their visit is part of such consultations," Takemura said.

The Finance Ministry has been criticized for taking more than a month to report the Daiwa Bank scandal to U.S. authorities.

The two ministry officials are believed to be going to Washington to explain the background to the delay and to coordinate views over how to punish Daiwa Bank.

Takemura said he hoped the issue of ailing housing loan companies would be settled by the end of December.

"The ministry is looking for ways to resolve the issue on the basis of Tuesday's recommendations by a task force of the three-party ruling coalition," Takemura said.

In its interim report on the disposal of the nation's seven housing lenders, the task force in charge of financial and securities affairs said the issue should in principle be settled among the parties concerned.

But if the negotiations go nowhere, the ruling coalition will bring the issue to a political conclusion within November, with consideration given to the use of public funds as a means of liquidating the housing lenders' huge problem loans, the report said.

Two groups of creditors to the housing lenders — their founding banks and banks affiliated with agricultural cooperatives — are sharply divided over how to put up the expected huge costs incurred by the dissolution of these lenders.

Takemura said the issue should be resolved "in a mutually acceptable manner."

"If the issue goes unsettled, the Finance Ministry may step in," he said.

BOJ Loans to Failed Institutions Discussed

*OW0111101895 Tokyo KYODO in English
0836 GMT 1 Nov 95*

[FBIS Transcribed Text] Tokyo, Nov. 1 KYODO — The outstanding balance of loans by the Bank of Japan (BOJ) to failed Cosmo Credit Corp., Kizu Credit Union and Hyogo Bank amounted to 1,065 billion yen as of the end of October, the central bank said in a revised report Wednesday [1 November].

The loans — many of which are unsecured — were extended on the basis of Article 25 of the Bank of Japan law empowering the central bank to take steps needed to prevent the nation's credit order from being disrupted, it said.

The new figure represents an increase of 125 billion yen over the total of 940 billion yen as of the end of September, it said.

Central bank loans are extended to a failed institution to make up for a shortage of funds until banking regulators and the institution draw up a plan to dispose of the institution's nonperforming loans.

The loans are extended on the understanding that a failed institution will eventually repay such loans.

But the central bank earlier decided to set aside reserves for possible loan losses stemming from a delay by the three institutions in repaying the loans.

BOJ Governor Yasuo Matsushita said at the time, "Failed institutions are not necessarily required to pledge collateral in taking out central bank loans..."[ellipses as received]

On Aug. 1, the central bank extended such unsecured loans to Cosmo Credit — for the first time in 30 years — after the Tokyo Metropolitan Government ordered it to suspend most operations, except allowing depositors to withdraw liquid deposits and matured time deposits.

The nation's fifth largest credit union had suffered a rare run on deposits the preceding day, with thousands of depositors inundating Cosmo branches in response to a press report that banking regulators were considering a bailout of the bad loan-saddled institution which was on the verge of going under.

About four weeks later, Kizu Credit Union and Hyogo Bank collapsed simultaneously, sending further shock waves through the nation's banking system languishing under the weight of at least 40 trillion yen in bad loans estimated by the Finance Ministry.

On Aug. 31, the central bank loaned a total of 200 billion yen to the two failed institutions in such unsecured loans.

The central bank says it will continue to provide unsecured loans to enable the three institutions to respond to demands from depositors seeking to have their time and liquid deposits refunded or canceled before maturity.

As a result, the balance of such unsecured central bank loans is expected to swell further, informed sources said.

The central bank has provided loans on such favorable terms for fear that the collapse of an institution may trigger a chain reaction among other institutions, thereby rocking the stability of the entire financial system, they said.

Rice Law Takes Effect; Tokyo's 'Control' Ends

*OW3110232495 Tokyo KYODO in English
2309 GMT 31 Oct 95*

[FBIS Transcribed Text] Tokyo, Nov. 1 KYODO — The new food law came into effect Wednesday [1 November], putting an end to the government's more than half-century-long tight control of the country's rice market.

The new law, which replaces the Staple Food Control Law, is aimed at substantially reducing the government's role in rice distribution by leaving the formation of rice prices to market forces and allowing newcomers to enter the rice sales business.

Observers said the new law is expected to increase competition among distributors and provide wider product selection to consumers with lower prices.

The previous 1942 law required farmers to sell rice through government channels.

Under the wartime regulation, rice should be sold to the government for distribution to rice dealers, with only part of it sold through free-market auctions.

The new law pushes free-market rice to the forefront, while limiting the purchase of rice by the government basically to 1.5 million tons a year for storage as a hedge against rice shortages.

The new law also authorizes farmers to sell rice directly to wholesalers, retailers and consumers if they report the amounts to the farm minister. Such rice would have been treated as black-market rice under the previous law.

The new law allows anyone to enter either the rice wholesale or retail sector upon registration with local prefectural governments.

The actual entrance of newcomers will start with next June's registration.

The new law took partial effect in April to cope with rice imports under the Uruguay Round Global Trade Accord.

Japan is required to import foreign rice equivalent to 4-8 percent of domestic consumption over a six-year period from 1995 under the "minimum access" scheme of the Uruguay Round accord.

Murayama Urges Access for Foreigners to Markets

*OW0111061395 Tokyo KYODO in English
0522 GMT 1 Nov 95*

[FBIS Transcribed Text] Tokyo, Nov. 1 KYODO — Prime Minister Tomiichi Murayama urged the nation's bureaucracy and private sector Wednesday [1 November] to step up efforts to give foreign businesses greater access to the Japanese market, government officials said.

"It is crucial for both the bureaucracy and private sector to enhance efforts to improve access to the domestic market, while Japan should play an active role in a meeting in Osaka of the leaders of the Asia-Pacific Economic Cooperation (APEC) forum," the premier was quoted as saying.

Murayama is to host the APEC informal summit slated for Nov. 19.

He made the appeal at a meeting of the trade conference at his official residence attended by representatives of major Japanese companies and the Japan subsidiaries of foreign firms, as well as cabinet ministers concerned.

"It is indispensable for Japan to reform its economic structure by deregulating the economy and correcting its business practices if we are to establish a free economy abounding in vigor and creativity," he was quoted as saying.

Among those at the meeting were Shoichiro Toyoda, chairman of the Federation of Economic Organizations (Keidanren), Japan's largest business lobby, Isao Yonekura, chairman of Itochu Corp. and Takeo Shiina, chairman of IBM Japan Ltd.

Toyoda urged the government to speed up the implementation of a set of deregulatory steps now under consideration designed to reduce curbs on imports, the officials said.

The deregulatory steps are to be adopted by the upcoming meeting of the APEC leaders, they said.

Toyoda said speeding up the implementation of such import-related deregulatory steps is crucial to eliminating the image of Japan as a country with a closed market.

Communications Industry Opposes NTT Breakup

*OW0111120695 Tokyo KYODO in English
1011 GMT 1 Nov 95*

[FBIS Transcribed Text] Tokyo, Nov. 1 KYODO — The communications industry expressed its opposition Wednesday [1 November] to proposals for the division of domestic telecommunications giant Nippon Telegraph and Telephone Corp. (NTT).

The Communications Industry Association of Japan made up of about 250 equipment makers said the breakup of the corporation will hurt Japan's competitive power in the international market where competition is intensifying.

A large-scale telecommunications service provider is indispensable for the development of domestic industries, the association said.

The information and communications business will be the trunk industry in the 21st century and its growth will conform to national interests, it said.

The association called for deregulation of the telecommunications market to promote fair competition.

Deregulation Unlikely To Include NTT Breakup

*OW0111103495 Tokyo KYODO in English
0936 GMT 1 Nov 95*

[FBIS Transcribed Text] Tokyo, Nov. 1 KYODO — A government advisory panel on deregulation is unlikely to include the question of splitting Nippon Telegraph and Telephone Corp. (NTT) in its final report, a panel official said Wednesday [1 November].

Kazuaki Tanaka, director general for the government's advisory council for deregulation, said that council members are divided over whether NTT should be divided or deregulations on telecommunications businesses should be strengthened.

Therefore, it is difficult to mention concrete plans to review the management style of NTT in the report on 46 deregulatory steps, to be compiled by the end of this month, he said.

Tsutomu Yamamoto of the Social Democratic Party was negative toward the breakup of NTT, saying the need to review the monopolistic operations of NTT should not be linked to the breakup.

Meanwhile, Tanaka said that discussions on nine issues, including deregulation of the large-scale retail stores law, maintenance of resale systems for literary properties and a review of automobile inspection systems, are likely to face difficulties.

North Korea

U.S. Missile Defense System Asia Plan Noted

*SK0111013195 Pyongyang Radio Pyongyang
in Korean to South Korea 0000 GMT 31 Oct 95*

[FBIS Translated Text] According to a report, the 26 October edition of Japan's SANKEI SHIMBUN exposed that the Heritage Foundation, a reactionary U.S. policy research group, urged the U.S. Administration to accelerate deployment of the theatrical missile defense network in Asia.

The paper wrote that in a report announced on 25 October, the Heritage Foundation called for this by mentioning the missile threat of North Korea, and so forth.

The paper wrote that the report pointed out that the U.S. Administration should keep step with the U.S. Congress which demanded the use of \$3.5 billion for the development of a missile defense system for the Fiscal Year 1996. Besides, the report called on Japan and South Korea to deploy the theater missile defense network jointly with the United States.

This shows that the bellicose forces within the United States are accelerating preparations for an aggressive

war against our country by deploying theatrical missile defense network in Asia, and are intensifying maneuvers to establish military supremacy.

CPRF Issues Statement on ROK 'Spy Incident'

*SK3110233695 Pyongyang Korean Central
Broadcasting Network in Korean
2115 GMT 31 Oct 95*

[FBIS Translated Text] A spokesman for the Committee for the Peaceful Reunification of the Fatherland [CPRF] released a statement on 31 October denouncing the South Korean puppets for viciously maneuvering to slander us by concocting a series of anti-Republic plots.

Saying that the South Korean rulers have been viciously maneuvering to slander us by concocting a series of anti-Republic plots, the statement noted:

The South Korean puppets fabricated an incident of an armed spy's infiltration on the Military Demarcation Line on 17 October, but were denounced by people at home and abroad when it was revealed to be fictitious. Blaring again on 24 October that they had arrested two so-called spies dispatched to the South, they suddenly convened a so-called related-ministers meeting to release a so-called statement, showing their anti-Republic frenzy.

This is a planned and deliberate maneuver to smear the Republic aimed at amplifying the extreme distrust and confrontation among fellow countrymen and driving North-South relations to a phase of more acute confrontation.

The recent spy incident, with which the South Korean puppets are making a noise, is a drama created and staged by themselves and has no connection with us, just like those anti-Republic plots of the past. It is an out-and-out anti-Republic drama concocted by the Kim Yong-sam ring to overcome the extremely aggravated crisis they face.

The CPRF sternly denounces the South Korean puppets' anti-Republic smearing commotion, branding it as a deliberate maneuver aimed at spurring up enmity and confrontation between North and South Korea and a vicious challenge to the people's desire for national reconciliation and unity.

The Kim Yong-sam ring are maneuvering to escape from the serious power crisis by concocting insidious plots, but it will only hasten their ruin. The South Korean rulers should no longer talk about spy incidents, which have already been drained, and immediately stop maneuvering to plot to smear the Republic.

If the South Korean rulers truly want North-South dialogue and improvement of North-South relations, they must apologize to the nation for their antinational and antihumanistic crime of brandishing knives against us when we were in mourning; abolish the National Security Law, an antireunification evil law; and unconditionally release patriotic figures working for reunification.

If the South Korean rulers continue to pursue confrontation and aggravate the situation in spite of our warning, they will be held entirely responsible for all consequences arising from that. We will never remain idle spectators over the South Korean puppets' commotion of concocting fictitious plots to smear the Republic and will make them pay dearly for it.

Kim Yong-sam's Trip to Canada, UN Denounced

*SK0111043495 Pyongyang KCNA in English
0424 GMT 1 Nov 95*

["NODONG SINMUN on Traitor Kim Yong-sam's Foreign Trip" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, November 1 (KCNA) — NODONG SINMUN today views the traitor Kim Yong-sam's trip to Canada and the United Nations from October 16 to 28 as an aid-begging trip of a flunkeyist, traitor and colonial stooge to maintain his despicable life and an anti-national, anti-reunification trip to betray the dignity and interests of the nation to outside forces and obstruct peace and peaceful reunification of the country.

In a commentary the paper says:

He pleaded with outside forces for the "establishment of a cooperation system" against the fellow countrymen in the North under the pretext of the non-existent "nuclear suspicion against the North." This is really an act of a lunatic.

He, disgustingly enough, cried for the maintenance of the old armistice system, revealing the political ignorance of the colonial stooge with an anachronistic thinking pattern.

We make it clear again that a solid peace in the Korean peninsula is possible only when a new peace mechanism is established between the signatories to the armistice agreement — the DPRK and the United States, which holds the operational control of the army in South Korea.

During his trip, the traitor also asked outside forces to "support unification." This only shows his sinister intention to "unify the country by invading the North" with help of outside forces.

He urged the North to "open the door to the world" and maliciously slandered the north, as if it had any problem.

It is the height of sarcasm that Kim Yong-sam, who is in his waning days, estranged from the time and the people, abuses others, without minding his p's and q's.

It is the spirit of our nation not to pardon the traitors. It is a matter of time that the traitor Kim, who is trying to prolong his miserable life by further intensifying flunkeyist and treacherous acts and anti-North confrontation, will be thrown into the rubbish heap of history.

ROK Groups Demand Probe To Clarify 'Scandals'

*SK2810105795 Pyongyang KCNA in English
1013 GMT 28 Oct 95*

[FBIS Transcribed Text] Pyongyang, October 28 (KCNA) — Different organisations of South Korea on October 25 held rallies and demonstrations in demand of overall investigation into the irregularities of the traitor No Tae-u, according to a radio report from Seoul.

Members of the preparatory committee of the Federation of Democratic Trade Unions met at Yonsei University to urge a total investigation into the traitor's irregularities and his punishment.

When they failed to hand a document of protest to the traitor under police suppression, they staged a demonstration, chanting slogans near his house.

More than 100 members of the Citizens Federation for Economic Justice and two other organisations held a rally and strongly demanded that the fascist clique clarify all the scandals of the "Sixth Republic" and members of the Youth Council comprising 13 youth organisations held a press conference and called for probing the truth behind irregularities of the "Fifth and Sixth Republics" and punishing those responsible for the May 18 incident.

NDFSK Denounces ROK 'Suppression' of Labor

*SK2710104595 Pyongyang KCNA in English
1005 GMT 27 Oct 95*

[FBIS Transcribed Text] Pyongyang, October 27 (KCNA) — The director of the Worker-peasant Department of the Central Committee of the National Democratic Front of South Korea (NDFSK) made public a statement on October 25 denouncing ever more undisguised suppression of the labour movement by the Kim Yong-sam group, according to Seoul-based radio Voice of National Salvation.

The statement said: The Kim Yong-sam "regime" issued an order to arrest twenty hardcore members of the preparatory committee for forming the National Federation of Democratic Trade Unions before its inauguration and has launched into a massive repressive campaign. This reveals the heinous scheme to totally obliterate democratic trade unions in cold blood, stirring up the burning resentment of the people from all walks of life.

Afraid of the fierce struggle demanding the punishment of the chief culprits of the May 18 bloodbath, the Kim Yong-sam dictatorial group is scheming to block at the point of "civilian" bayonets the inauguration of the federation, which will lead the massive and organized movement of the workers. But the vicious attempt cannot be realized.

The Kim Yong-sam dictatorial group must clearly see the united might of the ten million workers and promptly stop the suppression of hardcore members of the federation and the moves to block its inauguration.

The workers will inaugurate the federation in the teeth of the raging wind of the "civilian" dictatorship and thus, form a strong centre of the democratic labour movement and fully display the might of organized forces for labour liberation which have realised the firm solidarity with the people from other walks of life.

Return of 'Unconverted Long-Term Prisoners' Urged

*SK2710053395 Pyongyang KCNA in English
0514 GMT 27 Oct 95*

[FBIS Transcribed Text] Pyongyang, October 27 (KCNA) — A spokesman for the Korean Committee for Rescuing Unconverted Long-Term Prisoners in South Korea, in a press statement on October 26 urged the South Korean authorities to immediately send back to their hometowns the unconverted long-term prisoners, old Kim In-so, Kim Yong-tae and Ham Se-hwan, who are detained as yet as they came from the northern half of Korea.

The spokesman said: The Korean Committee for Rescuing Unconverted Long-Term Prisoners in South Korea bitterly denounces the traitor Kim Yong-sam for detaining them, branding it as an insult to ethics and morality, a violation of international humanitarian law and a mockery of the aspiration of our nation and conscience of the world.

He further said:

To have POWs Kim In-so, Kim Yong-tae and Ham Se-hwan repatriated is the firm resolution of our people and the unanimous demand of the South Korean people from all walks of life and conscience of the world.

If the Kim Yong-sam group are to atone for the heinous crimes committed by them against the nation even a little, though a big late, they should not talk about "dialogue" and "exchange" but send the unconverted long-term prisoners, Kim In-so, Kim Yong-tae and Ham Se-hwan, without delay to the northern half of Korea where their families and relatives are awaiting them eagerly.

If the Kim Yong-sam group continue refusing the repatriation of the unconverted long-term prisoners, defying our repeated demand and the unanimous desire of the people at home and abroad, they will face stronger protest and denunciation of the entire fellow countrymen and the world people.

Group for Special Law on Kwangju Incident Noted *SK2910102095 Pyongyang KCNA in English 0808 GMT 29 Oct 95*

[FBIS Transcribed Text] Pyongyang, October 29 (KCNA) — A national measure committee for special law to punish the May 18 murderers was inaugurated in Seoul on October 26, a radio report from Seoul said.

The umbrella organisation consists of 297 civic and public organisations calling for a probe into the truth behind the May 18 incident and punishment of the murderers of Kwangju people. It will activate a campaign for the enactment of a special law on the May 18 incident.

In the inaugural declaration, the organisation said a correct settlement of the May 18 incident was the first step to establish the sound spirit of the nation.

NDFSK Denounces Kim Yong-sam on Kwangju Case

*SK2810102995 Pyongyang KCNA in English
1007 GMT 28 Oct 95*

["Traitor Kim Yong-sam Criticised for Defending Those Responsible for Kwangju Bloodbath" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, October 28 (KCNA) — The propaganda department of the Central Committee of the National Democratic Front of South Korea [NDFSK] published Wednesday an open questionnaire denouncing the traitor Kim Yong-sam for defending Chon Tu-hwan and No Tae-u, chief culprits of the Kwangju massacre, challenging the calls of South Korean people of all walks of life for their punishment, Seoul-based radio Voice of National Salvation reported.

In his days of opposition party Kim Yong-sam called for a legal action against the Kwangju murderers and,

after his assumption of office, uttered that "they should be left to the judgement by history", the document says, and describes this as a dirty perfidy to the people.

It demands that Kim Yong-sam put off the "civilian" veil, which covers his treacheries, and tell the people how he joined hands with the Kwangju murderers, going against history and the will of the people.

It queries what is the legal ground for the decision "not to charge" the main culprits of the Kwangju massacre on the pretext of "cancellation of the right of arraignment" and "expiration of the statute of limitations."

In view of ethics and law and in view of international usage there is no legal justification for the institutional impunity for Chon Tu-hwan and No Tae-u, arch killers, the questionnaire notes.

It asks the traitor Kim Yong-sam to immediately rescind the decision.

It says that trying to treat the murderers in the capacity of "former presidents" of South Korea is a premeditated trick designed to make a sanctuary for the crimes committed under the "civilian" government.

It says that Kim Yong-sam should not fly in the face of the people by granting institutional privilege to the Kwangju murderers for the mere reason that they were "former presidents", but immediately confess his ulterior intention to the people.

It says that the refusal to enact a special law concerning the May 18 incident and to set up a special prosecution system is a last-ditch effort of those conscious of their destruction and that the traitor Kim Yong-sam should give up his foolish intention to find a way out of the internal and external crises facing the "regime" in the suppression of the people, should admit his high treason such as going against democratisation by refusing to punish the Kwangju murderers and should stand trial by the people.

The document urges Kim Yong-sam to make public the reason why he refused to charge the U.S. with the Kwangju massacre and totally turned down the calls for the punishment of the Kwangju murderers and to step down, feeling responsible for the state of affairs like a second Kwangju massacre.

If the traitor Kim Yong-sam seeks to go scot-free together with the Kwangju murderers under the patronage of evil laws, the bulwark of treason, and keeps to "civilian" fascistisation in conspiracy with the Kwangju murderers, he will face a stern judgement by all South Koreans and all the fellow countrymen and meet an ignominious destruction.

Meetings on Chongnyon Congress Resolutions Held *SK2710150895 Pyongyang KCNA in English* 1502 GMT 27 Oct 95

[FBIS Transcribed Text] Pyongyang, October 27 (KCNA) — The 14th congress of the Association of Korean Social Scientists in Japan, the 20th congress of the Union of Korean Students Studying at Japanese Schools, the 7th congress of the Association of Korean Medical Workers in Japan and the 2nd congress of the Korean Human Rights Association in Japan were held in Tokyo between October 7 and 21 to fulfil the resolutions of the 17th congress of the General Association of Korean Residents in Japan (Chongnyon).

The reporters at the congresses vowed to develop the movement of Koreans in Japan onto a higher stage through a vigorous drive to fulfil the resolutions of the 17th congress of Chongnyon, which embody the historic letter of respected Comrade Kim Chong-il to Chongnyon and the Koreans in Japan.

Reports on the work of the Central Committee or council or association and reports of the financial account settlement and budgetary committees were adopted as resolutions of the congresses and chairmen, advisers, central committee members and directors were elected.

Letters to Comrade Kim Chong-il were adopted there.

Kim Chong-il Receives Letters From Chongnyon *SK3110100795 Pyongyang KCNA in English* 1004 GMT 31 Oct 95

[FBIS Transcribed Text] Pyongyang, October 31 (KCNA) — The great leader Marshal Kim Chong-il received letters from the participants in the 14th meeting of the Association of Korean Social Scientists in Japan, the 20th meeting of the Union of Korean Students Studying at Japanese Schools, the 7th meeting of the Korean Medical Society in Japan and the 2nd meeting of the Association of Human Rights of Koreans in Japan, which were held to implement the decision of the 17th Congress of the General Association of Korean Residents in Japan (Chongnyon).

The letters stressed the need to firmly build up all the organisations into ones unfailingly loyal to the idea and leadership of respected General Kim Chong-il and united around him in one mind, rally many more compatriots behind the organisations under the banner of national independence and love for the motherland, the nation and the people, and thus fully prepare them to be overseas citizens of chuche Korea.

They expressed the resolve of compatriots to make tangible contributions to the prosperity and development

of the socialist homeland and devote their all to the struggle for national reunification.

Marshal Kim Chong-il also received a letter from the participants in the meeting marking the 50th anniversary of the foundation of the newspaper CHOSON SINBO.

A telegram of thanks came to Marshal Kim Chong-il from the Advisory Council of the Osaka Prefectural Headquarters of Chongnyon two years since the advisors to Chongnyon in Osaka Prefecture had the honor of receiving teachings from the great leader Generalissimo Kim Il-song on October 13, 1993.

The telegram said that Generalissimo Kim Il-song met the advisors to Chongnyon in Osaka Prefecture and highly appreciated them as veteran revolutionaries and elders of the movement of Koreans in Japan who devotedly worked all their lives for the prosperity and development of the socialist homeland and national reunification, for the strengthening and development of the patriotic work of Chongnyon.

PRC Artistes Group Pays Homage to Kim Il-song

SK2710044095 Pyongyang KCNA in English
0424 GMT 27 Oct 95

[FBIS Transcribed Text] Pyongyang, October 27 (KCNA) — The Chinese Famous Artistes' Group on October 26 visited the Kumsusan Memorial Palace where the great leader President Kim Il-song is preserved in state and made a bow to him.

Vice Minister of Culture at PRC Gathering

SK2810065695 Pyongyang KCNA in English
0500 GMT 28 Oct 95

[FBIS Transcribed Text] Pyongyang, October 28 (KCNA) — Artistes of Korea and China held a friendship gathering here on October 27.

Present there were Kim Chong-ho, vice-minister of culture and art, officials concerned and artistes in Pyongyang.

The members of the Chinese famous artistes' group and officials of the Chinese Embassy here were present.

The participants saw the Korean feature film "Musician Chong Yul-song". Then they sang songs of the two countries and had a talk, remembering deep feelings of the fraternal friendship of the two peoples shown through the joint art performance given on the occasion of the 45th anniversary of the entry of the Chinese People's Volunteers into the Korean war.

Yi Chong-ok Presents Awards to PRC Delegation

SK2810070395 Pyongyang KCNA in English
0432 GMT 28 Oct 95

[FBIS Transcribed Text] Pyongyang, October 28 (KCNA) — Vice-President Yi Chong-ok awarded the first class of the friendship order to Colonel General Shi Yuxiao, political commissar of the Guangzhou military district of the Chinese People's Liberation Army [CPLA], who is heading the delegation of the former Chinese People's Volunteers [CPV], Lieutenant General Li Jijun, vice-president of the Academy of Military Science of the CPLA, Lieutenant General Ma Zhanmin, commander of the Air Force of the Beijing military district, Liu Juying, commander and political commissar of the Railway Transport Command of the Frontline, who are members of the delegation, and the second class of the friendship order to other members.

An awarding ceremony took place at the Mansudae Assembly Hall on October 27.

On the occasion the head of the delegation said that he took this opportunity to extend sincere thanks to Comrade Kim Chong-il, supreme commander, the Korean Government and the Korean people on behalf of the Chinese people and the entire officers and men of the former CPV.

He noted that they will make continuous efforts to further strengthen and develop the Sino-Korean friendship.

Paper Comments on Recent NAM Summit

SK2810110595 Pyongyang KCNA in English
1028 GMT 28 Oct 95

["On Mapping Out Common Strategy of NAM Member Nations" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, October 28 (KCNA) — The recent 11th summit meeting of the nonaligned nations confirmed once again the validity and might of the Nonaligned Movement (NAM) and marked an important occasion in defending its idea and principle and strengthening its unity and cohesion, says NODONG SINMUN in a signed article today.

The meeting discussed the matters on unity and cohesion and fresh role of the NAM, South-South cooperation, social development of the developing countries, reforms of the United Nations, etc. and set forth the tasks facing the movement, the paper notes, and goes on:

Today the nonaligned nations are confronted with the tasks to establish a new international order based on equality, justice and impartiality, realize universal and total disarmament and democratize the United Nations.

In order to successfully carry out those tasks, it is essential for the NAM member nations to work out their common strategy, take concerted action and extend support and solidarity to each other.

When the nonaligned countries carry out this task imperialism will become impotent.

If they take concerted action with a correct strategy, giving preference to their commonness and putting aside difference in views, the old international order will disappear quickly and universal and total disarmament will be brought into practice.

And arbitrariness, highhandedness and exercise of the privilege by specified countries will work no longer in the United Nations, which will be democratized in conformity with the requirement of the times.

The Korean people will as ever make all possible efforts to strengthen and develop the NAM, true to the behests of the great leader Comrade Kim Il-song.

MINJU CHOSON says that all the nonaligned nations should strive to strengthen and develop the NAM under the uplifted banner of solidarity.

More Foreign Countries Send Flood Relief Goods

*SK2810112695 Pyongyang Korean Central Broadcasting Network in Korean
2100 GMT 27 Oct 95*

[FBIS Translated Text] In connection with the flood damage in many areas in the DPRK, governments of many countries have decided to send cooperation goods to our country. The governments of Pakistan, Iran, India, Malaysia, Indonesia, Singapore, Japan, the United States, the U.K., Italy, Sweden, Norway, and Australia decided to send cooperation goods to our country. Political parties and organizations from many countries, as well as the General Association of Korean Residents in Japan [Chongnyon] and other overseas Koreans' organizations, sent large quantities of cooperation goods, which were distributed to residents of the flood areas upon arrival.

On 27 October, the German Government initially sent foodstuff for children, which was directly delivered to residents of some flood-stricken areas in North Hwanghae Province by Wilhelm Strohe, interim representative of the German Interests Section.

Additional Relief Reported

*SK0111043895 Pyongyang KCNA in English
0406 GMT 1 Nov 95*

["Relief Materials Continue To Arrive in Korea" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, November 1 (KCNA) — Some relief materials including coverlets and blankets sent by the International Federation of Red Cross and Red Crescent Societies arrived in the Democratic People's Republic of Korea for its flood victims.

The materials will be handed to the people in some flood-stricken areas by the cooperation delegation of the federation, which is conducting humanitarian activities in Korea.

The Red Cross organisations in Sweden, the Netherlands, Denmark, Britain, Austria, China, Japan and other countries decided to cooperate through the federation in response to the appeal of the federation.

Kim Chong-il Receives Gift From Thai Party

*SK2710113295 Pyongyang KCNA in English
1010 GMT 27 Oct 95*

[FBIS Transcribed Text] Pyongyang, October 27 (KCNA) — The great leader Comrade Kim Chong-il received a gift from Athit Urairat, leader of the Seri Tham Party of Thailand.

The gift was handed to Hwang Chang-yop, secretary of the Central Committee of the Workers' Party of Korea by Thaveesak Phonsudga member of the Executive Committee of the party, who is visiting Korea, on October 26.

Russian Writer Views Kim Chong-il as Successor

SK0111032295

[FBIS Editorial Report] Pyongyang Korean Central Broadcasting Network in Korean at 0625 GMT on 1 October carries a 30-minute article entitled "The Leader [suryong] Can Live Eternally Only When His Successor Is Great" contributed by Vladimir Tolstikov, chairman of the Russian Association for Friendship and Cultural Cooperation With the DPRK. Pyongyang MINJU CHOSON in Korean on 3 October on page 4 and Pyongyang NODONG SINMUN in Korean on 13 October on page 3 carry a similar 6,000-word article by the same author, under the same title. Quoted passages within slant-lines are carried by Pyongyang radio but omitted in the MINJU CHOSON and NODONG SINMUN versions.

The author recalls his visit to Pyongyang from late September to late October in 1994 following the death

of Kim Il-song in July and extols Kim Il-song's leadership and his achievements. He says he has come to realize this time as he visits the DPRK again that "a successor to the leader [suryong] must be correctly chosen for the prosperity of the nation."

Tolstikov praises Kim Chong-il for refurbishing the Kumsusan Assembly Hall into the Kumsusan Memorial Palace and talks about the celebrations of Korea's 50th liberation anniversary he witnessed in Pyongyang while visiting the DPRK again this August.

Saying he has come to deeply realize that "the eternal life of the leader [suryong] absolutely depends on the successor inheriting his cause," the author goes on to add: "As is shown by the historical lesson of the international communist movement, the eternal life of the leader [suryong] is not automatically gained. Leader [suryong] and leaders [yongdojadul] receive the utmost respect and honor when they are alive. But they become the target of dispute, defamation, and blasphemy and their causes are abandoned and mistreated when they die. This is because their successors are not correctly chosen."

Praising Kim Chong-il for emulating every virtue of Kim Il-song, Tolstikov says: "Comrade Kim Chong-il is the highest incarnation of benevolence. Thus, even today, a year after Comrade Kim Il-song passed away, Comrade Kim Chong-il is not in a hurry to hold the inauguration ceremony but is directing all his energy and efforts to fulfill his obligation as political successor to the leader [suryong] and to permanently defend and glorify Comrade Kim Il-song's great achievements."

Continuing to talk about Kim Chong-il's delayed inauguration issue, the author goes on to add:

"When I left Moscow some time ago, I had speculations of my own.

"During my visit to Korea this time, I would be able to witness, together with the Korean people, the congratulatory event in which Comrade Kim Chong-il would be elected to the supreme positions of the party and the state.

"My own subjective view was that Korea would not maintain the supreme post vacuum for more than a year, because it is common for successors to be elected in other countries immediately after the departures of presidents, general secretaries, or other heads of state.

"However, there have been no indications of such an eventuality even today when the events marking Comrade Kim Il-song's first death anniversary were splendidly held and the 50th anniversary of Korea's liberation was successfully observed.

/"Therefore, I anxiously posed a question to one of the guides. He said: Functionaries who closely uphold and work for Comrade Kim Chong-il have recommended on many occasions that the inauguration ceremony be held soon. However, each time, Comrade Kim Chong-il has calmly turned down their recommendation./

"This is something we have never seen anywhere in today's world and is something we have never seen throughout history.

/"Whether it is something about the constitution related to legal procedures or whether it is a case of power usurpation through political tactics or trickeries, has there ever been a case anytime in any country of the world that a position of power has been vacant like this?

/"I was speechless for a while after hearing about his [Kim Chong-il's] thoughtfulness and of his seasoned and tested way of handling state affairs which we have never seen in the power succession history of any country and which cannot be imagined by people with ordinary thinking./

"I thought it is entirely natural that world revolutionary people and progressive figures today admire Comrade Kim Chong-il as a great man of the century who will lead the 21st century, as a paramount model of a communist who possesses a complete moral outlook on the leader [suryong], as a firm, fearless, and sagacious incarnation of popular wisdom that is peerless among thousands of generals, and as an incarnation of everlasting victory that leads one victory to another victory.

"I regret that I have been unable to realize my dream to witness the moment of honor during my stay this time. But I am extremely happy, because I instead have come to have an even better knowledge of Comrade Kim Chong-il's great trait."

Noting the situation in the countries where socialism collapsed, the author says that "the question of inheriting the leader's cause, which is of pivotal and crucial significance, has been excellently settled in Korea today in a way all people would envy."

Saying that the Korean people will lead "Korean-style socialism" along the road of victory by upholding Comrade Kim Chong-il, the author concludes that Korea will certainly achieve the historic cause of reunification in the nineties because there is Kim Chong-il.

Castro Comments on Nuclear Weapons Issue*SK2810065995 Pyongyang KCNA in English
0521 GMT 28 Oct 95*

["Fidel Castro Criticizes Western Countries for Making Much Ado About Korea's 'Nuclear Weapons Development'" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, October 28 (KCNA) — Comrade Fidel Castro, president of the Council of State and president of the Council of Ministers of the Republic of Cuba, speaking at a meeting of solidarity with Cuba held in New York, on October 22, referred to the "nuclear issue" of Korea.

He said that in the past the western countries had kept mum about the South African racist army's possession of nuclear weapons, and continued:

The production of nuclear weapons by the specified people and specified allied countries was not accounted much of, but it was not the same with a certain country, Korea in particular.

They, knowing nothing, kicked out a row next to war, blaring that Korea "was developing nuclear weapons".

But they have let the South African racists have nuclear technology and arm themselves with nuclear weapons.

Kim Chong-il Greeted by Foreign Party Leaders*SK2710045495 Pyongyang KCNA in English
0431 GMT 27 Oct 95*

[Spelling of names of foreign party leaders as received]

[FBIS Transcribed Text] Pyongyang, October 27 (KCNA) — The great leader Comrade Kim Chong-il received congratulatory telegrams from foreign party leaders on the 50th anniversary of the Workers' Party of Korea [WPK].

They are chairman of the Central Committee of the Nepal Worker- Peasant Party Narayan Man Bijukchhe, Secretary General of the Funcinpec Party Norodom Sirivudh, General Secretary of the Central Committee of the All-India Forward Bloc Chutta Bash, Secretary General of the Belgian Socialist Party (Vallon) Hoger Gailieb, Chairman Timo Lahdenmaki and General Secretary Heikki Mannikko of the For Peace and Socialism-The Communist Workers' Party of Finland, General Secretary of the Movement for Peace and Socialism of Italy Roberto Gabriele, Secretary General of the Lumumba Democratic Party of Zaire Ngoy Nduba, Secretary General of the People's Vanguard of Costa Rica Humberto Vargas Carbonel, Secretary General of the Democratic Independent Action of Sao Tome and Principe Carlos Agostinho Das Neves, Chairman of the Large Front of Paraguay Riber Seregni, leader of the National Lead-

ership of the Left Democratic Party of Ecuador Jorge Gallardo and First Secretary of the Central Committee of the Bolivian Communist Party Marcos Domich.

They extend warm congratulations to Comrade Kim Chong-il on the 50th anniversary of the WPK and wish him a long live in good health.

They express firm solidarity with the WPK and the Korean people in the efforts for socialist construction and national reunification and their belief that the friendly and cooperative relations between their parties and the WPK will grow stronger and develop.

Comrade Kim Chong-il also received a congratulatory telegram from the Central Committee of the Revolutionary Socialist Party of India on this occasion.

Kim Chong-il Thanks Soldiers, Volunteer Farmers*SK2810070195 Pyongyang KCNA in English
0455 GMT 28 Oct 95*

[FBIS Transcribed Text] Pyongyang, October 28 (KCNA) — The great leader Comrade Kim Chong-il highly appreciated Choe Kwang-song, an assistant platoon leader of Choe Tong-su unit of the Korean People's Army, who laid down his life for saving soldiers from an unexpected danger on military duty, and sent thanks to his parents.

Comrade Kim Chong-il thanked Kim Kwang-chun of the September 21 smeltery and nine other members of the League of Socialist Working Youth [LSWY] of Korea, the graduates of the third class of the sixth-year grade of the Kumgang Senior Middle School in Kumgang County, Kangwon Province, Kim Kyong-sun, a teacher in charge of the class, and So Myong-un, chief instructor of the LSWY of the school, for their volunteer to do farming in the socialist countryside.

WPK Receives Greetings From Foreign Parties*SK2710044695 Pyongyang KCNA in English
0436 GMT 27 Oct 95*

[Spelling of all names as received]

[FBIS Transcribed Text] Pyongyang, October 27 (KCNA) — The Central Committee of the Workers' Party of Korea [WPK] received messages of greetings from Fausto Bertinotti, secretary general of the Communist Re-Establishment Party of Italy; Yrjo Hakanen, chairman of the Central Committee of the Communist Party of Finland; and from the Central Committee of the Communist Party of Greece; the Federal Committee of the Spanish Communist Party; and the Central Committee of the Britannic Communist Party on the

occasion of the 50th anniversary of the foundation of the Workers' Party of Korea.

The messages express the hope that the WPK will continue to wisely lead the Korean people and achieve greater success in their efforts for peace, socialism and the reunification of the country and that the relations between the WPK and their parties will continue to develop favourably.

Plant Construction Station Supports Power Supply

*SK2810075995 Pyongyang MINJU CHOSON
in Korean 19 Sep 95 p 1*

[Report by special correspondent An Yong-sop]

[FBIS Translated Text] The No. 25 metallurgical plant construction station is thoroughly implementing the party's intention of building small and medium-sized power stations throughout the country as an all-masses movement, thus, it is solving the power problem through its own strength.

At this construction station, two small and medium-sized power stations were built and is supplying on its own the station's basic electricity for production.

The great leader [yongdoja] Comrade Kim Chong-il has pointed out:

"Along with accelerating the building of large-scale power stations, the fastest way to smoothly supply the demand for electricity which is increasing with each passing day, it is building small and medium-sized power stations as an all-masses movement."

Up until now, the No. 25 metallurgical plant construction station received much power from the state and thus, operated production facilities, including cement plants and tileries. However, under the goal of solving the problem of power and no longer receiving power from the country, the construction station built small and medium-sized power stations through its own strength, and functionaries of the construction station concretely made an on-the-spot survey on the sites to build small and medium-sized power stations. Based on this, after holding collective discussions, they made bold plans and carried out work in a big way.

Under the goal of building three small and medium-sized power stations, the station vigorously carried out the work of surveying and mobilizing reserves and the movement to gather idle materials by putting technical preparations at the forefront. Thus, the station solved the problem of providing necessary equipment and materials in building the power stations.

Also, the station carried out dam construction like lightning to turn around the flowing river of one district

and vigorously carried out the battle for equipment manufacturing.

Therefore, not long after the start of the construction, the station built one power station and shortly thereafter, by taking the offensive, another small and medium-sized power station was successfully built.

The electric furnace being produced at the two small and medium-sized power stations is being effectively used in the station's lighting and in operating various pieces of equipment of the cement plant, tiler plant, machine tool of the maintenance shop, and sheet metal processing shop.

Without being satisfied with this, the station successively carried out the struggle to build a third small and medium-sized power station.

When the third small and medium-sized power station is completed, it will be possible for the station to not only be the sole supplier of electricity for production, but it will be able to be the sole supplier of power for lighting the service welfare facilities and housing district of the construction station.

Article Urges Vigorous Assistance for Coal Mines

*SK2810085595 Pyongyang NODONG SINMUN
in Korean 16 Sep 95 p 3*

[Unattributed article: "Let Us Vigorously Assist the Coal Mines"]

[FBIS Translated Text] The great leader [yongdoja] Comrade Kim Chong-il has pointed out:

"We must mobilize all of our strength to actively assist the coal mines and mines."

Coal is the food of industry. Coal is necessary for the operation of power generating equipment at thermoelectric power stations at full capacity, and the smooth supply of power to plants and enterprises of key industries and light industry sectors. By doing so, production can be maintained at a high and steady rate. In increasing coal production here, all the functionaries, party members, and workers must all the more thoroughly implement the party's revolutionary economic strategy and correctly know that there is a road to brilliantly decorating the 50th anniversary of the party founding with proud labor results and thus, they must vigorously carry out work to assist the coal mines.

First of all, it is most important to supply equipment and materials needed for coal production. Producing coal is a difficult and enormous battle of conquering nature. However high the miners' enthusiasm is, if equipment

and materials for coal mining such as electric cars, rock-drills, coal trucks, and mine props are not supplied smoothly, more coal cannot be excavated and the produced coal cannot be brought out at the appropriate time.

The party members and working class of the plants and enterprises related to coal production such as the metal and chemical industries and forestry sectors, must deeply bear in mind the importance of the duties they are faced with in all the more increasing coal production, and must first of all produce and supply equipment and materials for coal production including equipment for excavation, mining, and transportation and materials for pit prop and blasting.

The role of the functionaries is important in the work of assisting coal mines. Just like all other works, how successful the coal mining assistance work turns out is greatly dependent on how determined the functionaries of the related units are and how they carry out organizational work. Embraced with the one mind of loyalty to truly uphold the party's intention, functionaries at all sectors and units must responsibly carry out work to produce equipment and materials for coal mining and solve problems that arise here according to the principle of self-reliance.

Functionaries in the material supply sector must carry out supply work well. Functionaries in this sector must concretely carry out work to send more equipment and materials to the coal mines first in accordance with the party's demand, and must highly manifest the revolutionary trait of going down to the sites where production is being conducted and solve problems that arise.

Our party's demand is to vigorously assist the coal mines in an all-party and all-masses' way. At a time when the party is appealing for assistance to the coal mines, no sector and unit and person can be an exception in this work. Whatever work they do at any place, all the functionaries, party members, and workers must take part as one in the work to assist the coal mines and actively assist the coal mines with labor and materials.

At each class of the party organizations, they must explain the party's demand and importance of vigorously assisting the coal mines to the functionaries, party members, and workers so that they can voluntarily launch into the work to assist the coal mines with a correct viewpoint and position. In particular, the related units must carry out organizational work and vigorously push ahead to assist the coal mines with labor and materials in accordance with the situation of the related units.

All the functionaries, party members, and workers must deeply bear in mind that increasing coal production is ultimately a work for themselves and a work to all the more make my county and my fatherland all the more prosperous and powerful, and must rise as one in assisting the coal mining work.

Mine Workers in Sunchon Increase Coal Production

*SK2710110495 Pyongyang Korean Central Broadcasting Network in Korean
2100 GMT 25 Oct 95*

[FBIS Translated Text] According to reporter Kang Yong-sik, mine workers in the 8 February youth mine at the Sunchon District mine complex, are digging for 1,000-odd tonnes more coal each day than they did last month.

This mine's workers, who are filled with determination to uphold our party with coal production, properly managed pits and satisfactorily organized coal digging sites. As a result, they produced 1.5 times more coal from all pit faces in October than in August and September.

The second coal digging company in the pit No. 12; the third coal digging company in the pit No. 1, and the third coal digging company in the pit No. 2, which are effecting remarkable innovations, have normalized production at a high level and overfulfilled daily production plans. Thus, they have nearly completed monthly production plans.

Meanwhile, the first tunnelling platoon in pit No. 6 and the first tunnelling platoon in pit No. 7 are vigorously carrying out the struggle to create more coal digging sites. Thus, they have nearly completed the monthly tunnelling plans.

Industry Ministry: Coal Production Increases

*SK2710150795 Pyongyang KCNA in English
1459 GMT 27 Oct 95*

[FBIS Transcribed Text] Pyongyang, October 27 (KCNA) — Coal production is on the increase in Korea.

According to data available, the Ministry of the Coal Industry increased the production of coal 10.8 percent in the latest ten odd days as against the corresponding period last month.

In this period, coal production jumped 20 percent at the Anju and Kangdong area coal complexes.

The Tokchon area coal complex overfulfilled daily assignments and produced several thousand tons of extra coal every day in the same period.

The Kaechon and Sunchon area coal complexes produced much more coal than quota every day with new cutting methods.

Media Defends 'Ideological Fortress of Socialism'

SK0111104895 *Pyongyang KCNA in English*
1036 GMT 1 Nov 95

["WPK's Media Defends Ideological Fortress of Socialism" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, November 1 (KCNA) — November 1 is the anniversary of NODONG SINMUN, the organ of the Central Committee of the Workers' Party of Korea [WPK], and is also day of the press in Korea.

NODONG SINMUN today carries an editorial headlined "WPK's Media Is a Powerful Weapon Creditably Defending the Ideological Fortress of Socialism."

The history of NODONG SINMUN and other media serving the Workers' Party of Korea (WPK) is a history of the experienced leadership of the great leader Comrade Kim Il-song and respected Comrade Kim Chong-il, says the paper.

It quotes the great leader Comrade Kim Chong-il as saying:

"Based on the superb traditions of the revolutionary publications established during the anti-Japanese revolutionary struggle, the great leader Comrade Kim Il-song founded many party publications after liberation and blazed the trail for the press to follow at every stage of the revolution and construction."

The paper says Comrade Kim Il-song, on the basis of the immortal *chuche* idea, elucidated the most revolutionary and scientific idea of the press in the present era.

Comrade Kim Chong-il gave a new exposition of the mission and duty of media in keeping with the requirements of the modelling of the whole society on the *chuche* idea, and has wisely guided all the media including newspapers, news agency and radio, it noted.

Our revolution in a new historical turningpoint and the prevailing situation require enhanced function and role of media, the paper says, referring to tasks to this end.

The paper says:

The media serving our party must intensify information and propaganda activities to make all the party members and other working people hold Comrade Kim Il-song in

high esteem for all ages and always keep the immortal feats of the party and the leader shining.

The media also must propagandise in a profound way the ideas, leadership traits and noble communist viewpoint of morality of respected Comrade Kim Chong-il, a great statesman and strategist, a great man and an ever-victorious iron-willed brilliant commander, so that all the party members and other working people may remain faithful to the party's leadership, keeping in their mind the happiness in having great leaders through generations.

Noting that it is important to fully ensure the party's leadership over the press, the paper says:

The historical lesson from the collapse of socialism in different countries shows that if the ideological and cultural means including media find themselves out of the party's leadership, they will lose their efficiency and, finally, will be reduced to counterrevolutionary tools.

Our media serves as a weapon of revolution for applying Comrade Kim Chong-il's ideas and leadership.

So, it is important to establish a revolutionary spirit in the press activities so that the *chuche*-based ideas, principles and policies of the press, which were elucidated by him, can be implemented to the letter and all the pressmen move as one under the leadership of the party.

The pressmen must devotedly defend the party Central Committee headed by Comrade Kim Chong-il politically and ideologically with pen of revolution and honor themselves as eternal companions, faithful helpers and good advisers of the party and steadfastly defend and thoroughly implement the party's policies.

Daily on Anniversary of 'Socialism Is a Science'

SK0111104595 *Pyongyang KCNA in English*
1026 GMT 1 Nov 95

["Monumental Work" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, November 1 (KCNA) — NODONG SINMUN today carries a signed article on the first anniversary of the publication of the great leader Comrade Kim Chong-il's work "Socialism Is a Science" (November 1, 1994).

The work of respected Comrade Kim Chong-il is an encyclopedia of socialism which completes and consummates the theory of socialism as a science on the basis of the philosophical idea of *chuche* and a great militant banner which indicates the ever-victorious way of the human cause of independence, the cause of socialism, the article says, and goes on:

The great historic feat of the work "Socialism Is a Science" in the development of the philosophical idea is first of all that the work further develops in depth a new outlook on social history, the *chuche*-based outlook on history.

Comrade Kim Chong-il said:

"The history of social development is, in the long run, the history of the development of man's independence, creativity and consciousness, so to speak."

Comrade Kim Chong-il in his famous work "Socialism Is a Science" gave more profound scientific exposition of the essence of man, the essence of life, the essence of the popular masses and other fundamental questions of philosophy and thus, further developed in depth the philosophy of the working class and the theory of socialism.

He in the work clearly expounded once again the essential character of man as a social being with independence, creativity and consciousness.

In the work he comprehensively systematized the *chuche*-based outlook on life and clarified that man can live with dignity and value only in socialist society and thus, flawlessly formulated the theoretical foundation of the outlook on life of an independent man, the outlook on the revolution and made clear the source of the advantages and vitality of socialist society.

One of the important ideological and theoretical feats performed by the work "Socialism Is a Science" is that the work philosophically and profoundly expounds the position and role of politics in the socio-historical movement, the essence of politics in hostile class society and the essence of politics in socialist society.

Profoundly building up once again the *chuche*-based theory on politics, Comrade Kim Chong-il defined the essence of socialist politics as politics of love and trust, benevolent politics, and comprehensively completed the theory on benevolent politics.

In particular, he indicated the idea that the benevolent politics in socialist society is carried out by the leader, the outstanding statesman with boundless love for the people and thus, provided the steadfast ideological and theoretical foundation to evolve all the principles of development of socialist society with the leader at the centre.

In addition, the work comprehensively consummates many discoveries, propositions and original ideas and theories which are very valuable in developing the *chuche* philosophy onto a new higher stage and putting socialism on a perfect scientific foundation, including the ideas on collectivism as essential requirement of

man, the inevitability of transition from capitalism based on individualism to socialism based on collectivism and the theory on inseparable unity of independent requirement of the collective and independent requirement of individuals and the theory of putting priority to the independent requirement of the collective.

South Korea

Chairman of U.S. Joint Chiefs of Staff Arrives

SK0111072895 Seoul YONHAP in English
0716 GMT 1 Nov 95

[FBIS Transcribed Text] Seoul, Nov. 1 (YONHAP) — Gen. John Shalikashvili, chairman of the U.S. Joint Chiefs of Staff (JCS), arrived in Seoul Wednesday morning to attend the 17th Military Committee Meeting (MCM) and the 27th Security Consultative Meeting (SCM) slated for Nov. 2-3.

Gen. Shalikashvili is scheduled to pay courtesy calls on Defense Minister Yi Yang-ho and chairman of South Korean JCS Gen. Kim Tong-chin Wednesday, the Defense Ministry said.

Meanwhile, U.S. Defense Secretary William Perry is also scheduled to visit the country, leading a U.S. delegation to the SCM.

At the MCM and SCM, South Korean and U.S. representatives will discuss South Korea's burden sharing, next year's Team Spirit exercise, an annual joint military drill between the two nation's forces, and an Armistice Agreement system on the Korean peninsula.

In addition, revisions to the Status of Forces Agreement (SOFA) will be one of the most important issues on the agenda, according to Defense Ministry officials.

President: Armistice Accord Threatened by DPRK

SK2810040795 Seoul THE KOREA TIMES
(Supplement) in English 28 Oct 95 p 1

["Text" of President Kim Yong-sam's speech on accepting the Global Leadership Award from the United Nations Association of the U.S. on 24 October in New York]

[FBIS Transcribed Excerpt] [passage omitted on history of UN] Our government is actively pursuing a "segye-hwa," or globalization, policy in order to accelerate international cooperation through broader opening. At the same time, we are also actively taking part in international efforts to resolve global problems. After serving in Somalia, Korean youths are now shedding their sweat in the Western Sahara, Georgia, and Angola to help realize the lofty ideals of the United Nations.

The South Korean Government's wish to serve as a nonpermanent member of the UN Security Council from next year is also an expression of its positive determination to further contribute to world peace and human prosperity.

Standing on the threshold of the 21st century, the world is being swept by waves of reconciliation and cooperation. In particular, it is extremely encouraging for the future of the world that peace is spreading, from the Middle East and South Africa to Northern Ireland and Bosnia.

It is now time for the world to turn its eyes on Northeast Asia.

Northeast Asia, which has been recording vibrant growth, is emerging as a new axis of the world economy. Maintaining stability in this area is thus a very vital task for the peace and prosperity of the world in the 21st century.

The Korean Peninsula, located in the heart of this region, is the world's last remaining Cold War zone. Here some 1.7 million heavily armed soldiers are standing face to face against each other. At this very hour, young Americans are guarding peace on the frontline of the Demilitarized Zone, under the banner of the United Nations.

Lately, the status of the Armistice Agreement signed by the United Nations is being threatened by North Korea. Viewed from a global historical perspective, the problem of bringing lasting peace to the Korean Peninsula is one which must be urgently resolved now.

Our positions on how peace can be realized on the Korean Peninsula are as follows:

First, the Armistice regime must be firmly maintained and observed until it is replaced by a permanent peace system.

Second, the peace system that replaces the Armistice regime must be negotiated and agreed upon by the responsible representatives of the directly involved [parties], namely, South and North Korea.

Third, the present state of military confrontation must be lessened by normalizing intra-Korean relations through dialogue.

The only way for permanent peace to settle on the Korean Peninsula is through peaceful unification. I am convinced that the Korean Peninsula will surely be unified in a democratic way in the not-too-distant future. For it is historically inevitable that a nation that has come into being through a forced merger is bound to split, and a nation that was separated against the will of its people will be united again.

The important question now is not when the Korean Peninsula will be united, but how it will be united, the unification of Korea should be carried out in a peaceful, democratic and gradual manner. To that end, we have to start making efforts to fill the gap that has separated the South and North over the past half-century and overcome the lingering mutual distrust.

In this respect, it is urgent for the two Koreas to conduct dialogue and promote all possible economic, cultural and personal interaction.

In order to achieve the peaceful unification of Korea, the early restoration of stability and orderly change in North Korea are very important. It was with this point in mind that the South Korean government unconditionally [gave] the North \$200 million worth of rice free of charge.

If North Korea decides to take the path toward change and reform, we are prepared to offer them drastic aid and economic cooperation. But I believe that such economic cooperation between the South and North will ultimately have to be mutually beneficial in accordance with market economic principles.

The various United Nations organizations could also render practical support for change and openness in North Korea in the political, economic and many other areas.

A unified Korea would be able to contribute much more to world peace and prosperity than a divided Korea. I urge you to faithfully support the peaceful unification of Korea and the establishment of a lasting peace on the Peninsula.

It is the ardent desire of all to turn the 21st century into a freer, more peaceful and more prosperous age. All of humanity is praying for the realization of a global community where we can all coexist and co-prosper under the principles of reciprocity and equality.

Let us undertake this great endeavor together with confidence and optimism. The Korean people and I will join you in this.

If we do this, the United Nations will become a roof covering the entire world under which all humanity will be able to enjoy peace and prosperity.

Once again, allow me to thank you for this prestigious award. I wish you all the best of fortune and for the continual development of the United Nations Association of the United States of America.

Korean-Chinese Caught Trying To Enter Illegally*SK2610114395 Seoul YONHAP in English
1125 GMT 26 Oct 95*

[FBIS Transcribed Text] Kunsan, Oct. 26 (YONHAP) — The maritime police here were towing to the Kunsan harbor Thursday a small Chinese boat which was trying to illegally land 23 Chinese of Korean ancestry on Korea.

A police source said the 10-ton wooden boat was first sighted by a naval vessel 15 miles west Ochong-to, Okdo-myon, Kunsan around 3:30 PM Thursday.

The boat was subsequently caught by the naval gun boat and turned over to the maritime police.

An initial probe showed that the boat had left Dalian, China carrying 19 men and four women who were trying to smuggle themselves into South Korea to obtain "high-paying" jobs.

Most 'Seeking High-Paying Jobs'*SK2810032195 Seoul THE KOREA HERALD
in English 28 Oct 95 p 3*

[FBIS Transcribed Text] Maritime police and military authorities yesterday caught 97 Korean-Chinese trying to illegally enter the country via the West and the South Seas. The arrested were mostly seeking high-paying jobs here.

The authorities said they caught 46 Korean-Chinese aboard a 20-ton Chinese fishing boat near the Hwangdo Island on the West Sea while 51 other Korean-Chinese attempted to smuggle themselves via a 30-ton Korean fishing boat at seas off the southern port city of Pusan.

Detecting the suspicious ships on radar, the Navy and maritime police were immediately dispatched to the scene and the ships were towed to land.

On the Chinese boat captured in the West Sea, some 380 boxes of snakes were discovered as well as 46 Korean-Chinese stowaways including 10 women. Five Chinese crew members were also caught.

On the other Korean fishing boat seized at seas off Pusan, some 2,300 kg of Chinese-grown ginseng were found. The 51 arrested Korean-Chinese aboard the ship consisted of 35 men and 16 women.

Most of them were identified as residents in Heilongjiang Province, China, and were said to have spent some 5 million won per person in China to attempt to be smuggled into the country.

They were said to have left Dalian, China, in a Chinese wooden boat, last Sunday, and then moved to a waiting Korean fishing boat on high seas Wednesday.

Meanwhile, another 23 Korean-Chinese who consisted of 19 men and four women were arrested while attempting to illegally enter the country in a 10-ton wooden boat at seas off the western harbor of Kunsan, Thursday. They were said to have smuggled themselves into the country to find jobs.

Institute Discusses Excessive Overseas Investment*SK2510104095 Seoul CHOSON ILBO in Korean
25 Oct 95 p 11*

[Report by Kang Hyo-sang]

[FBIS Translated Text] It has been pointed out that ROK business companies' excessive investment overseas, like their Japanese counterparts, might cause the sudden stagnation of the economy, and push the international balance of payments further into the red.

In a report entitled "The Collapse of the Bubble Economy and Japan's Financial Crisis," released on 24 October, the External Economic Policy Institute (KIEP) notes: The economic boom has continued, international interests rates have been low, and the won has been appreciated since 1993. As a result, business companies may seek overseas investments in real estate and other businesses.

Chaebol Overseas Advertising Emphasis Increases*SK2910031895 Seoul THE KOREA HERALD
in English 29 Oct 95 p 8*

[FBIS Transcribed Text] Major Korean business groups rang up about \$500 million in overseas advertising costs in 1994, in a sizable 40-percent jump from the previous year.

According to statistics by the Association of Korean Advertising Industry released yesterday, the Samsung Business Group spent an estimated \$200 million on overseas advertising accounts last year. The amount marks a 30-percent jump from the group's spending in 1993.

Among its subsidiaries, Samsung allocated 90 percent of the overseas advertising costs to promote its flagship company, Samsung Electronics Co. The remaining 10 percent was for the group's image advertisements.

Like Samsung, the Hyundai Business Group took the approach of placing its star company, Hyundai Motor Co., in the limelight.

In the U.S. market alone, Hyundai Motor America (HMA) pushed up its advertising costs by 50 percent to \$150 million, compared with group image advertising costs of a mere \$4.8 million. HMA's auto advertising

expenses were about three times what its parent company spent at home last year.

In terms of who stepped up their costs the most, the Daewoo Business Group jacked up their image advertising by 5.7 times last year, spending \$8.7 million in total. The group spent additional amounts to promote its individual subsidiaries, for which the figures weren't immediately available.

Market watchers interpreted the trend as a reflection of Korean conglomerates' heavier emphasis on export markets. The start of WTO (World Trade Organization) this year was also cited as a powerful incentive for large Korean businesses to step up their image campaigns in overseas markets.

Among other large businesses, the LG Business Group's spending added up to \$48 million, nearly 50 percent more than the 1993 expenses.

The expenses for two other groups, Ssangyong and Sunkyong, were tallied at \$3.75 million and \$2 million, respectively.

Outside manufacturing sector, the Hanjin Business Group was a major advertiser. The group's two leading subsidiaries, the Korean Air and Hanjin Shipping Co, spent a combined total of \$23 million last year. The amount marked a 21-percent jump from 1993.

Revision of Rice Purchase System Urged

SK0111113695 Seoul THE KOREA TIMES in English
1 Nov 95 p 17

[Report by staff reporter Sim Chae-yun]

[FBIS Transcribed Text] Amid the expected growing pressure for further opening of the agricultural market with the inauguration of the World Trade Organization (WTO) regime, voices are heard calling for a revision of the government purchase of newly-harvested rice from farmers.

Some agricultural experts say comprehensive measures are needed to cope with the increasingly changing market situation in the so-called double price system.

The government has decided to purchase a total of 9.6 million sok (one sok is equivalent to 144 tons) from farmers this year, 900,000 sok less than the previous year.

The purchasing prices will be frozen at the same level with that of last year, according to the Ministry of Agriculture, Forestry and Fisheries.

Officials of the ministry explained the drop in the amount of purchasing price was inevitable in light of

the nation's agreement to gradually cut the government subsidy for the agricultural sector under the WTO pact.

With the nation's admission into the WTO regime in 1994, the government has agreed to decrease assistance to farmers to 1.36 trillion won (some 17 billion dollars) until the year 2004 from 2.2 trillion won in 1993.

The government plans to buy 5.5 million sok and refer the remaining 4.1 million sok to the National Agricultural Cooperatives Federation (NACF).

A controversy is expected to arise in the course of finalizing the amount of the government rice purchase rice, particularly from political circles and farmers.

The opposition parties and farmers and their organizations across the country are certain to oppose the government plan and demand purchases at higher prices.

Regional conflict is also expected involving the amount of rice bought among provincial governments under the new system.

The central government is expected to meet difficulties in persuading the local governors who have more power and authority compared to those in previous years.

The ministry came up with a plan for distribution of the rice purchases in accordance with provincial differences.

Until the mid-1980s, there were no special differences between the government-purchasing rice and market rice prices.

In 1989, politics began to influence rice supply and prices as the National Assembly was given authority to approve government rice purchases.

Afterward, the prices of the purchasing rice began to outpace market prices by more than 30 percent.

The farmers were able to receive more money by selling their rice to the government than on the market.

The pressure for more purchasing at higher prices has been increasing.

The National Assembly, wary of the voting power of farmers, have also called for more buying and price hiking, resulting in a wider gap between purchasing and market prices.

As a result, government rice stocks have increased annually. Some 12 to 13 million sok of rice is reserved in government stores, including rices harvested more than five years ago.

In the process of government intervention in the rice market, the rice trade in the free market became extremely fragile.

The purchasing system does not necessarily always favor farmers. They only get privileges of 27,000 won (some 33 dollars) per sack, the gap between government buying and market prices.

The administration decided the amount of rice for buying in accordance with production amounts of each farming household, and this has resulted in giving favors to relatively rich households while offering little help for the underprivileged.

Rice experts stress the need to recover the market role of rice by minimizing government intervention when dealing with rice prices and market circulation.

Dr. Kim Myong-hwan from the Rural Economics Research Institute said lessening the gap between the purchasing and market prices and an eventual shift in accordance with the market operation is needed.

"Government intervention should be limited in case of extreme turbulence in the rice market," he said.

Others say that the buying prices should be lowered to match market prices as soon as possible.

A new system where farmers can know the amount and prices of buying rice before the purchasing is also worth considering since it will help them prepare for a decreasing purchasing amount.

The huge problem of rice purchasing management is pointed out as one of the most serious problems facing the agricultural authorities.

The financial loss resulting from the dual price system reached the level of 830 billion won in 1994.

This is a 46,000 won loss on each 80kg sack when the government buys 10 million sok of rice a year.

The government offsets the financial loss from special account for management of rice. The balance for special accounts which amounted to 800 billion won in 1987 reached the level of 5.8 trillion won in 1994.

The major loss comes from the failure to utilize the rice as a commercial product worth an estimated 1.02 trillion won a year. This burden falls on the people. Consumers should pay some 120,000 won for a sack of rice. But when taxes for this special account are calculated, the amounts jumps to 200,000 won per sack.

Japan and Taiwan, which have also introduced the government- purchase system like Korea, steadily prepared for the opening of the rice market long before the Uruguay Round [UR] was signed.

Japan, for its part, has gradually decreased the amount of purchasing rice from farmers and took measures to

let the prices be determined in accordance with the free market principle.

It cut the rate of the government bought rice to 15 percent of the total amount in 1993 from the 50 percent of previous years. It is conducting a policy to lower the buying prices to match market prices, at the same time lessening the government's burden.

Taiwan, another major rice consumer nation, froze the purchasing prices in 1989 in a bid to mitigate the possible impact from the Uruguay Round negotiations. But Korea's efforts have been hampered by political motives, preventing normal circulation of this important crop.

In the process, the government's original plan of rice purchasing has always been neglected due to pressure from the National Assembly and farmers.

Although relevant officials have recognized the need to prepare for the opening of rice market, they hesitated to come up with necessary steps due to political pressure and the social climate.

Accordingly, the rice prices here have doubled since 1986 when the UR negotiations began, while in Japan they have decreased by 12 percent and Taiwan's prices have been frozen.

An expert said now is the time to decrease government aid and figure out ways to promote competitiveness within the agricultural sector, particularly the rice field.

Delegation Sent to Middle East Economic Meeting

*SK2910031295 Seoul THE KOREA HERALD
in English 29 Oct 95 p 2*

[By staff reporter David Cho]

[FBIS Transcribed Text] The Middle East was peacefully reborn when Prime Minister Yitzhak Rabin of Israel and Yasir 'Arafat of the Palestine Liberation Organization signed a historic agreement earlier this month. Thriving countries, like South Korea, can now step in and provide economic milk for the baby economies of Middle Eastern nations.

That is the long-term vision of the international economic summit, which starts today in Amman, Jordan.

"The whole political structure of the Middle East has changed. Economics is now the name of the game," Arye Arazi, Israeli ambassador to Korea, said yesterday.

The conference expects businessmen from 500 corporations from around the globe and 1,600 participants overall. South Korea sent the second largest delegation

from Asia, including the vice chairman of the Federation of Korean Industries and representatives from the Hyundai Business Group and Samsung Electronics Co.

A top priority on the agenda of the summit is to establish a Middle East bank. Amb. Arazi said it will operate much like the Asian Development Bank to facilitate foreign investment in the region. And some nations in the Middle East desperately need foreign capital.

Although Israel's per capita gross national product (GNP) is \$16,000, in the Palestine area, it is only \$1,400, about one seventh of Korea's per capita GNP. Egypt is even lower at \$1,000.

To bring in investment, Israeli finance and foreign ministries compiled an inventory of 218 economic development opportunities in Israel, Jordan, Egypt and the Palestine area. The scope of these development options total about \$25 billion.

That list of projects, which will be presented at the Amman conference, aims to attract firms with experience in large infrastructure projects to the economic opportunity window now opening alongside peace in the Middle East.

Middle Eastern deserts are rich in archaeological and religious sites, but meager in water supply. One typical project listed is the development of water conveyance, storage and purification systems in Israel and Jordan.

The development of alternative water sources are vital because the Middle East consumes more water than its reservoirs hold.

Participants of the Amman conference hope that countries like South Korea will be the rain to water the dry economic and physical deserts of the Middle East.

No's Chief Economic Aide Leaves for U.S.

*SK2610070295 Seoul YONHAP in English
0616 GMT 26 Oct 95*

[FBIS Transcribed Text] Seoul, Oct. 26 (YONHAP) — Amid the mounting public uproar over the "secret political fund" scandal involving former President No Tae-u, Kim Chong-in, who served as chief economic aide to No during his presidency, left for the United States Wednesday, it was belatedly learned Thursday.

Kim's departure has given rise to a suspicion, especially in the opposition camp, that he is involved in the No scandal. In August when the government announced a general amnesty, he was pardoned of a bribery conviction for which he was sentenced to two and half years in prison with a four-year stay of execution plus a fine of 210 million won. He was implicated in the Donghwa Bank bribery scandal.

Kim's family said he would visit the Hoover Institute of Stanford University in California.

Opposition politicians charged that the government had let him slip out of the country to avoid an investigation related to the No scandal and demanded that the government put an exit ban on all persons connected with No who are suspected of being involved in the secret fund case.

When No was president, Kim was known to have exerted formidable influence on the business community, particularly on business tycoons.

Prosecution Finds Additional Secret Fund Account

*SK2610034195 Seoul YONHAP in English
0245 GMT 26 Oct 95*

[FBIS Transcribed Text] Seoul, Oct. 26 (YONHAP) — The prosecution, probing into the secret fund scandal involving former President No Tae-u, uncovered Thursday an additional 24.8 billion won (about 32.4 million U.S. dollars) that was stashed in a borrowed-name account with the Tong-a Investment and Finance Corp.

The total amount of No's secret fund that has been found thus far reaches 70 billion won (about 91.5 million U.S. dollars) including the 48.5 billion won that had been deposited into four borrowed-name accounts at Sinhan Bank.

The prosecution said it will likely find even more hidden money when it completes its search at 11 financial organizations.

The prosecution said Yi Tae-chin, former chief of the accountants' section of the Chongwadae [presidential offices] Security Service, testified to the existence of the account at Tong-a.

The prosecution confirmed the existence of the account after it summoned and questioned Yi Hyon-u, former chief of the Chongwadae Security Service Team, former President of Tong-a Investment and Finance Chang Han-kyu and other senior Tong-a officials Wednesday night.

Funds were deposited into the cash management account (CMA) of Tong-a on more 43 different occasions between May 1991 and February 1993, when No left office as president.

However, about 2 billion won has been withdrawn from the account so far and now all that remains is 24.8 billion won, according to the prosecution.

The account was opened under the names of Chong Chang-hak and Kim Chong-won, then-managing directors of Tong-a, by Yi Tae-chin who received instructions from No through Yi Hyon-u.

The prosecution said it has found more than 70 billion won of No's secret fund at two banks and at one investment and finance company.

"We may find even more of the fund during our search of 11 financial organizations," a prosecutor said.

Shift in Power Seen as Outcome of No's Scandal

SK2810040695 Seoul THE KOREA TIMES in English
28 Oct 95 p 2

[Article by "CUB": "Political 'Big Bang' Looks Imminent"]

[FBIS Transcribed Text] Current developments sufficiently suggest that something big is in the making, which can be compared to a kind of "big bang" in politics.

Former President No Tae-u is in for probing by prosecutors about how he raised political funds while in office and where he spent them.

In a statement yesterday, No did not mention anything about how he raised and where he spent the money, disappointing not only the general public but political parties, ruling and opposition alike.

Quick reaction from the ruling Democratic Liberal Party [DLP], which No led until the last moment of his five-year term, was not all positive. DLP spokesman Son Hak-kyu pointed to the absence of how No raised and spent the funds. He and the ruling DLP have to be satisfied with an expectation that the prosecution will bring out all regarding the matter through the ongoing investigation.

All of the opposition parties sprang up in denunciation of No for failing to reveal in full. To be more specific, No failed to detail how much he dipped into the murky swamp of secret funds to help sitting President Kim Yong-sam with his 1992 presidential election campaign.

In short, the opposition parties said they could not accept No's statement as a sincere apology, criticizing him for trying to paper over the grave wrong he committed while in office.

In the statement, No said he was wrong. Still, much of it can be ascribable to the habitual particles inveterate in the current political behavior, he said, causing opposition parties to be not only angry but sympathetic. How can a man who was formerly president be that shameful?

Interesting is that Kim Tae-chung, president of the National Congress for New Politics [NCNP], made a totally unexpected statement admitting to have received

2 billion won from No during the 1992 presidential election.

The NCNP leader now on a visit to China made the remarks shortly before the time No was to make his statement regarding the secret fund. Probably, he did it to cushion possible wave of criticism in case No comes clean with how he spent the secret money.

NCNP leader Kim, who is now burning with ambition for the presidency, cannot evade criticism for having accepted this money from No, although the amount may not look big.

Confessing to having accepted the money, he went on to say that President Kim has to reveal how much he received from No to clear up the suspicion that hundreds of billions of won went to him during the presidential race.

Aside from the argument, it is NCNP leader Kim who suffered most in what political observers call a "political money game."

Here arises a question that maybe the current whirlwinds of the secret money is a premeditated strategy of President Kim Yong-sam to dump DJ [Kim Tae-chung] in order to ensure a generational shift in politics.

According to the opposition parties, particularly the NCNP and the United Liberal Democrats (ULD) which advocate the theory which the ruling camp violently denies, Rep. Pak Kye-tong who first blew the whistle about the "dark money" will find himself dancing to the tunes played by the ruling camp whether he is aware of it or not. Rep. Pak belongs to the Democratic Party.

The theory has a point. Prior to Rep. Pak's bombshell disclosure of bank documentation showing the existence of 10 billion won in a secret bank account, a leading DLP lawmaker let on that No may have stashed funds.

How could Rep. Pak have landed the documents, which banks instinctively protect from leakage?

President Kim has on and off stressed the need for a generational shift in politics. To be specific, NCNP leader Kim should not run in the forthcoming presidential election in 1997.

The reign of the three Kims — NCNP leader Kim, ULD leader Kim Chong-pil and President Kim — should phase out with his election as president in 1992, President Kim has maintained.

Now NCNP leader Kim's image is seriously damaged. He received money from No, who is most responsible for the armed suppression of the citizens' uprising for democracy in Kwangju, his power base.

Taking advantage of the indignant public, President Kim is expected to get his generational shift plan through.

No will face an investigation. Depending upon the situation, No can damage political leaders both in the ruling and opposition camps, including President Kim.

This is why political leaders have cold feet. There could be an across-the-board shakeup of present politics.

Kong on Request for Swiss Cooperation on Funds

SK0111102695 Seoul YONHAP in English
1017 GMT 1 Nov 95

[FBIS Transcribed Text] Seoul, Nov. 1 (YONHAP) — Foreign Minister Kong No-myong said on Wednesday that if judiciary authorities so request, his ministry would ask Switzerland for cooperation in looking into former President No Tae-u's secret fund allegedly stashed at secret Swiss bank accounts.

"If and when the judiciary authorities duly ask for it, we will request for Swiss cooperation through a diplomatic channel," Kong said in a testimony at an Assembly Unification and Foreign Affairs Committee session.

He said that the Swiss Government has already expressed its willingness to cooperate if South Korea asks for it despite the lack of a bilateral legal assistance agreement.

Minister Kong also said that if requested by the judiciary authorities, his ministry would ask U.S. investigation authorities for materials related to the U.S. probe into the smuggling of foreign exchanges into the U.S. by the couple of No Tae-u's daughter, So-yong [sentence as received].

Regarding the issue of whether to obtain the extradition of Kim Chong-in, former Chongwadae [presidential offices] senior secretary, now in hiding in the United States, Kong expressed pessimism about his return.

"Since no criminal extradition treaty has been signed with the United States and since Kim is under legal protection in the U.S., there is no way to obtain him unless he returns home on his own," the foreign minister said.

Kim Reiterates Fair, Thorough Probe of 'Scandal'

SK0111051895 Seoul YONHAP in English
0503 GMT 1 Nov 95

[FBIS Transcribed Text] Seoul, Nov. 1 (YONHAP) — President Kim Yong-sam said Wednesday the government would deal with the illicit fortune former President No Tae-u amassed while in office "with a resolution to liquidate the history of shame (in the country's politics) and to rebuild the nation."

In an interview with the MUNHWA ILBO on the occasion of the vernacular daily's fourth anniversary, the chief executive added the prosecution would bring to light everything about the scandal through fair and thorough investigations.

Kim said the people must have noticed the government's firm resolution in the legal proceedings made against an incumbent cabinet minister on corruption charges which led to his imprisonment, indicating that the former president may face a criminal conviction.

Expressing his firm determination to eliminate collusion between political and industrial groups for the sound development of politics, the president said he had ordered the cabinet and the ruling Democratic Liberal Party to study if amendments to the existing election and political fund laws would be of any help to severing the collusive links between politicians and businessmen.

Asked about his successor to be elected in 1997, Kim said the next president of the country should be qualified "in terms of purity, morality, the will to reform and vision for the future, as well as political leadership."

As for the issue of amending the Status of Forces Agreement (SOFA) with the United States, the president said the issue would be discussed at the Korea-U.S. Security Consultative Meeting slated for Nov. 2-3 in Seoul.

If the agreement is found to be unequal to SOFAs the United States maintains with other nations, it should be revised, he added.

Asked if he would make a new proposal regarding a peace agreement on the Korean peninsula when Chinese President Jiang Zemin visits Seoul in mid-November, Kim replied he had no plan to make a new offer, adding that he would explain the government's existing policy to the Chinese leader.

DLP Denies Receiving Campaign Funds From No

SK0111030295 Seoul YONHAP in English
0149 GMT 1 Nov 95

[FBIS Transcribed Text] Seoul, Nov. 1 (YONHAP) — The ruling Democratic Liberal Party (DLP) on Wednesday denied press reports that former President No Tae-u contributed 40 billion won to the party's presidential election campaign in 1992.

The party's official denial was announced by Secretary-general Kang Sam-chaе during a meeting of the DLP Central Executive Council at the party's headquarters.

"The press reports claiming the party was considering making public the details of the 40-billion-won contri-

bution to the DLP candidate's 1992 presidential campaign were not totally true," Rep. Kang said.

He added that the issue of presidential election campaign expenses would be handled by the prosecution's investigation.

Parties Study Strategies Regarding Fund Scandal

SK0111085195 Seoul YONHAP in English
0837 GMT 1 Nov 95

[FBIS Transcribed Text] Seoul, Nov. 1 (YONHAP) — Both the ruling and opposition parties are busy studying ways to handle the possible impact the prosecution's investigation of former President No's secret fund will have on their future courses of action, especially on their strategies for the coming general elections slated for next April, while paying keen attention to the progress of the probe.

The prosecution started questioning former President No Tae-u Wednesday about how he amassed his "secret fund" while in office and how much he contributed to campaign funds of candidates who ran in the 1992 presidential race.

The ruling Democratic Liberal Party (DLP), hoping that the secret fund scandal involving the former president will provide momentum for political reforms, is taking measures based on the assumption that the prosecution will clear up all suspicions surrounding the matter through a complete and thorough probe so as to "purify" the nation's political environment.

But the DLP, insiders said, has taken a stance against using the scandal as a tool to realize another purge of politicians, because the political purge President Kim Yong-sam enforced upon "corrupt politicians" immediately after his inauguration in early 1993 has not necessarily had a favorable effect on the ruling party, as seen in its humiliating defeat in the recent local elections.

On the other hand, the opposition camp, concerned about the possibility that the scandal will provide an impetus to President Kim Yong-sam's drive to achieve a "generational shift" in politics, has intensified its anti-government offensive demanding that Kim make public all the money he received from No in support of his candidacy in the 1992 presidential election.

In the event the prosecution's probe fails to meet its demands, the opposition camp, especially the main opposition National Congress for New Politics (NCNP) led by Kim Tae-chung, the archrival of Kim Yong-sam in the 1992 presidential race, is likely to call on the National Assembly to hold hearings on major

political and financial scandals connected with the Sixth Republic under No's leadership.

DLP Chairman Kim Yun-hwan, presiding over a meeting of his party's Executive Council on Wednesday morning, said the scandal has put political circles in a crisis, adding that the situation is so bad that there is no way to win back the people's confidence in politics.

"The responsibility of filling the emptied hearts of the people with a renewed confidence (in politics) rests upon us," he stressed.

DLP Secretary-General Kang Sam-chae declared that his party would tackle the scandal in an uncompromising and just manner, turning the former president's misconduct into a blessing by using it as momentum to push ahead with political reforms to achieve honest politics.

But a ranking DLP official indicated that the investigation of No's political slush fund would not lead to a purge of politicians like the one seen in the initial months of the Kim Yong-sam government.

The NCNP decided in a Leadership Committee meeting held Wednesday to call for the appointment of a special prosecutor and a parliamentary hearing, if the questioning of No fails to reveal the money he contributed to Kim Yong-sam's 1992 presidential campaign. NCNP President Kim Tae-chung disclosed that he received 2 billion won from No during the 1992 race.

NCNP Spokesman Pak Chi-won said that if the prosecution's interrogation of No turns out to be a scheme to cover up President Kim's campaign finances and to absolve No of his crimes, the NCNP would launch an all-out political offensive against the Kim Yong-sam government.

Pak stressed that No should make public the money he used for the merger of the three parties — one led by No, another by Kim Yong-sam and the other by Kim Chong-pil — into the DLP in 1990, the funds he contributed to Kim Yong-sam's 1992 campaign and the money he gave newly-elected President Kim Yong-sam in 1993 when the former president retired.

The minor opposition Democratic Party (DP), which first revealed the existence of the secret fund on the parliamentary floor, resolved in an Executive Council meeting Wednesday to concentrate all its wisdom and energy on the scandal in an attempt to play a leading role in the future development of politics.

Under the present four-party political system, the DP is expected to promote itself as the only transparent and pure opposition party, taking advantage of the fact it had no connection with No's slush fund.

President Kim Chong-pil of the other minor opposition party, the United Liberal Democrats, called the scandal "an unfortunate incident" in a party meeting on Wednesday morning.

Emerging from the meeting, Spokesman Ku Chang-nim demanded that the prosecution bring to light all the money No raised illicitly while in office and where he used it, as well as the financial relations between No and the DLP during the 1992 presidential race.

No Tae-u Arrives at Prosecution for Questioning

SK0111025595 Seoul YONHAP in English
0247 GMT 1 Nov 95

[FBIS Transcribed Text] Seoul, Nov. 1 (YONHAP) — Former President No Tae-u arrived at the Supreme Public Prosecutor General's Office in Socho-tong, southern Seoul, Wednesday morning to answer questions about the 500-billion-won slush fund he raised during his 1988-93 term in office.

No left his Yonhui-tong residence at about 9:24 AM [0024 GMT], conscious of over 100 foreign and domestic journalists in front of his home. No, wearing a black suit, quickly got into a black car that was waiting for him and left for the meeting with prosecutors.

The former president briefly told a group of reporters in front of the prosecution's offices, "I apologize to the people."

No then entered the Central Investigation Department of the Prosecutor General's Office, becoming the first president to ever report to the prosecution for questioning.

When asked by reporters, "Which business leaders gave you money?" and "Isn't the slush fund related to privileges and special favors?", the former head of state did not comment.

No was accompanied by five people including lawyer Kim Yu-hu, secretary Pak Yong-hun and former chief bodyguard Choe Sok-nip.

After arriving at the office of An Kang-min, director of the Central Investigation Department at the Prosecutor General's Office No shared tea with An, Investigation Planning Officer Yi Chong-su and lawyer Kim Yong-hu. He was then led to the special investigation room on the 11th floor where he responded to questions from Prosecutor Mun Yong-ho, manager of the second division at the Central Investigation Department.

The prosecution, which prepared a set of some 70 questions, is expected to ask No about the size of the slush fund, how he raised it, who contributed to it, where he used the funds and whether he used money from it

to purchase real estate in the country or if he stashed some of it in foreign banks.

The prosecution plans to conduct the first round of questioning Wednesday and will let the former president return home later in the evening.

Upon completing its interrogation of about a dozen businessmen implicated in the accumulation of No's slush fund, which is slated to begin Thursday, the prosecution intends to summon No again for additional questioning.

Prosecutor's Office Questions Former President

SK0111122895 Seoul YONHAP in English
1222 GMT 1 Nov 95

[FBIS Transcribed Text] Seoul, Nov. 1 (YONHAP) — The Prosecutor-General's Office was questioning former President No Tae-u Wednesday evening with emphasis on whether he keeps some money abroad and whether his relatives and in-laws were involved in raising the illicit fund.

A source at the office's Central Investigation Department said that during the grill that began soon after No showed up at the prosecution office around 9:45 A.M., No gave the names of some of those business people who gave him money.

As to the nature of the money he received, No claimed it was businessmen's tokens of "greetings" or their good-intentioned "contributions."

The source said the prosecution also tried to find out if he has any real estate registered under the names of his relatives.

Before coming to the prosecution, No sent a message to the Prosecutor-General's Office that he understands the prosecution's efforts but he, in his part, would make himself available to a prosecution probe in the interests of the country's future.

The prosecution plan to let No go home after winding up initial probe late at night.

The prosecution plan to question about 10 of those businessmen found to have given money to No beginning Thursday. The ten are those suspected of having bribed No in pursuit of some business favors.

No is set to be summoned to the prosecution again after the investigation of the businessmen was completed, the source said.

Kim Chong-pil Denies Role in Bourse Scandal*SK0111103195 Seoul YONHAP in English
1023 GMT 1 Nov 95*

[FBIS Transcribed Text] Seoul, Nov. 1 (YONHAP) — Kim Chong-pil, president of the United Liberal Democrats (ULD), on Wednesday refuted as "not factual" the U.S. State Department paper that the Korean Central Intelligence Agency [KCIA] founded by Kim Chong-pil, stepped in the 1962 Bourse scandal to collect a huge amount of "profits."

ULD Spokesman Ku Chang-nim said that he discussed the U.S. paper with the party head and Kim's view was that the paper was based on wild rumors then going in Korea.

"Our party president believes that the U.S. State Department prepared the paper based on reports from then U.S. Ambassador to Korea Samuel Burger and his political counselor Philip Habib who both were critical to Kim at that time," Ku said.

The spokesman said Kim Chong-pil recalled that before Habib's death, Kim met him briefly in San Francisco, during which Habib offered an apology to Kim, saying he misunderstood Kim before.

A State Department paper dated Feb. 20, 1963, for instance, says that KCIA Director Kim Chong-pil uses about 5 million hwan [former monetary unit of the ROK] (nearly 4,000 dollars) a week.

Regardless of the amount of money, one thing clear is that Kim and his men unsparingly squander money, it said.

On the 1962 Bourse scandal, the paper said the stock price crisis from February through May 1962 was abetted by the KCIA, and through the scandal the KCIA and its related party were estimated to have gained a profit of at least 4 billion hwan (about 30 million dollars).

LDP Assemblyman Choe Un-Chi Joins ULD Party*SK2610020995 Seoul YONHAP in English
0137 GMT 26 Oct 95*

[FBIS Transcribed Text] Seoul, Oct. 26 (YONHAP) — Rep. Choe Un-chi of the Democratic Liberal Party (DLP) bolted from the ruling party on Thursday to join the splinter United Liberal Democrats (ULD).

Choe, who became a National Assemblyman on a proportional representation ticket, will reportedly assume the chief organizer's role of the ULD's Taegu city West-B Electoral District and run in the forthcoming parliamentary elections slated for next April.

Under the present National Assembly law, Choe will lose his house seat automatically as he was elected on the proportional representation system.

The vacant seat left by Choe's resignation will be filled by Yi Su-tam, the ruling party's policy research director of the National Assembly, DLP officials said.

Daily on Competition To Win in Apr Elections*SK0111105995 Seoul THE KOREA TIMES in English
1 Nov 95 p 15*

[Report by staff reporter Pak Sung-yong]

[FBIS Transcribed Text] Worried about the smashing impact former president No Tae-u's secret fund scandal will have upon the political arena, political parties are racking their brains on how to cope with the unexpected development.

Thus far, ruling and opposition parties have been competing with one another to recruit people irrespective of their past as long as they stand a good chance in the election of lawmakers slated for April 11 next year.

However, the parties have to review the policy, sensing unspeakably high public indignation at the large amount of money No stashed away.

Those high profiles who are well known among the people are in one way or another linked to the past regimes. "Should we buy their experience and talent, bending the cause of clean and high morality, or should we venture holding on to the high cause even at the risk of defeats?"

Mid-level leaders or the political parties may well consider going against the political establishment on the strength of the public indignation occasioned by No's slush fund.

The dust raised by No's money is so dense that it is hard to make a picture of what politics would be like when it settles.

Few people deny the fact that South Korea's modern political history can hardly be imagined without Kim Yong-sam and Kim Tae-chung.

The two Kims, commonly referred to by their initials YS and TC, have led the country's politics for decades, sometimes joining forces against the past authoritarian regimes.

But what has dominated their relations is rivalry, and people use the term "fatal archrivals" when they define the two Kims' relationship.

The rivalry seemed to end when YS forced TC to wash his hands of politics by defeating him in the 1992

presidential elections. But two years later, TC returned to the political arena as president of the country's main opposition party, restoring the previous rival relations with YS.

The two Kims, one as President who concurrently leads the ruling Democratic Liberal Party (DLP) and one as president of the new-born National Congress for New Politics (NCNP), are now poised to duel again in the general elections of lawmakers next April.

The outcome of the upcoming lawmakers elections will have serious bearings on both Kims in that the polls are certain to be a preliminary for the 1997 presidential race in which TC is sure to run.

As for TC, his fourth bid for the presidency will depend on the results of the upcoming elections. For YS, winning in the April polls is a precondition not only for him to foil his archrival's presidential bid but also for his party to retain power.

As a result, they are now trying their best: to recruit "snipers" capable of "killing" their enemies in their efforts to pull off a victory in the elections of lawmakers.

They do not seem to care about what the "snipers" did in the past, only how well they can shoot their opponents down in the parliamentary race.

Following joining hands with Rep. Yi Chong-chan, who challenged YS in the course of selecting a ruling party presidential candidate in 1992, TC has sent a reconciliatory message to the anti-YS force made up of former ruling camp figures.

In a counterattack, YS tapped former lawmaker Yi Chol-yong, a TC turncoat, as his party's candidate for a Seoul district. His choice is no doubt aimed at dampening the winds of a possible rise of TC in the capital city.

Yi was elected to the 13th Assembly under the ticket of the now-defunct Party for Peace and Democracy led by TC. But the novice lawmaker hurled criticism at his boss and broke all ties with him.

He ran as an independent in the last elections but lost. However, Yi remained politically active in his constituency. YS may have bought the fact that he has written books exposing the "hidden face" of TC.

Yi is exceptional in many cases. He had no schooling. He did a lot of menial work in the streets. But he managed to develop his writing skills and wrote several best sellers before being tapped by TC.

In view of his exceptional background, YS seemed to think that Yi can work "magic."

The governing party is also reportedly trying to court former prosecutor Hong Chun-pyo, who recently re-

signed as an official of the Justice Ministry apparently displeased about not being removed from investigation assignment.

Hong received public attention for probing the sensational slot machine scandal involving former lawmaker Pak Chol-on, who was formerly his senior prosecutor, and sent him behind bars.

Pak was once a political bigshot, and regarded as a "crown prince" under former president No. Pak is now the vice president of the splinter opposition United Liberal Democrats led by Kim Chong-pil.

It was reported that Hong was irritated with Pak's swaggering and cries of being a victim of "political vengeance" led by President Kim. There is talk that he is considering running in the April elections in Seoul or a Taegu district where Pak is to run.

Furthermore, YS has courted or is now trying to recruit those who were arrested for their involvement in various corruption charges in the early stage of his administration, including former army chief of staff Yi Chin-sam and former defense minister Yi Chong-ku.

But the two Kims' plans for victory in the April National Assembly elections face serious inside and outside challenges.

A series of desertion by senior lawmakers is demoralizing the ruling DLP led by President Kim and its lawmakers in the face of the elections, thus hampering YS's grand scheme to defeat TC by embracing former ruling camp figures.

Meanwhile, TC's strategy to pull off a victory in the elections by expanding his supporting forces to conservatives from relatively progressive groups are being shaken in the face of protest from some progressive groups like the Citizens' Coalition for Political Reform. Some deserting DLP lawmakers see little chance of being reelected on the ruling party's ticket while others believe they would not be given a chance to run in the elections.

Rumors have it that the ruling DLP will face an upheaval in December when the current 14th National Assembly virtually winds up its operation. A substantial number of lawmakers may pack up and leave the party.

Behind the rumor is regional sentiment against the ruling party, which is particularly in the central part of the country, Taegu and its surrounding North Kyongsang Province.

It is the splinter opposition United Liberal Democrats [ULD] that benefits most from changing party affiliation.

Rep. Kim Chong-pil, president of the ULD, who resigned from the post of ruling party chairman in February and formed his own party in May, has since lured many ruling party lawmakers to his party.

The party has become a strong magnet to lawmakers, particularly to those from the Chungchong Provinces from which Kim hails, since it swept the June local elections in the region.

Rep. Pak Chun-pyong, a three-term lawmaker from North Chungchong Province, recently moved from the DLP to the ULD, along with Rep. Ku Chang-nim.

Rep. Pak, who was a key member of former president Chon Tu-hwan's 1979 military coup as commander of an army division, started his political career as a lawmaker in North Chungchong Province in 1984.

In 1990, as a leading member of the then ruling Democratic Justice Party led by former president No, he helped engineer his party's merger with two opposition parties led by President Kim and Kim Chong-pil.

There are other lawmakers of proportional representation who are also considering leaving the ruling party when the last regular session of the current 14th National Assembly ends in December.

One of them is Rep. Kwon Ik-hyon, a three-term lawmaker hailing from North Kyongsang Province. He said he will compete against his opponents as an independent in an electoral precinct in his home province.

Many of those leaving the ruling party no longer regard parliamentary nomination by the DLP as a guarantor for premiums, including financial support from the party and help from local government.

The biggest threat to NCNP leader Kim Tae-chung's fourth bid for the presidency is the Citizens' Coalition for Political Reform, composed of people from outside the established political circles, including leaders of various civic and youth organizations, most of whom are politically untested.

The projected new party asserts that its top priority is to put an end to the domination of nation's politics by the "three Kims" — President Kim, NCNP leader Kim and ULD president Kim.

But the possible influence this force could have on the outcome of the upcoming elections of lawmakers will be serious, considering the group is made up of those who supported YS in the 1987 presidential elections.

The anti-TC alliance seeks a merger with the Democratic Party, which has been reduced to the second

largest opposition party after TC's followers left it to form the NCNP.

Should the merger be successful, the force is expected to pose the most serious threat to TC's plan to sweep Seoul and the surrounding Kyonggi area because those participating in the group are popular among young voters in the region.

Government Designs 25-Year Economy Plan

SK0111111495 Seoul THE KOREA TIMES in English
1 Nov 95 p 16

[Report by staff reporter Yi Chang-sop]

[FBIS Transcribed Text] After three decades of fiery growth, Korea is designing a 25-year economy plan aimed at propelling the nation into the ranks of affluent, mature and stable industrialized countries.

By 2010, Korea will overtake the United Kingdom to become a G-7 industrialized country, according to the government projection.

It forecast that Korea's per-capita GNP will double in five years to 20,570 dollars in 2001, rise above 30,000 dollars in 2005 and hit 42,000 dollars in 2010.

To realize this objective, the government needs concrete plans, according to Choe Hong-chan, director general in charge of macroeconomic planning at the Ministry of Finance and Economy.

Korea is not alone in setting out a long-term economic vision. Japan, Singapore, Malaysia and Taiwan have all been implementing long-term economic strategies.

Policymakers said in setting out the 25-year plan, they will first review what mistakes they have made in the past in the implementation of economic development. They will identify constraints that may obstruct national economic growth.

The government is also conducting a survey to reflect the opinions of those in their 20s and 30s who will be leaders as the plan matures, in the long-term plan.

Western businessmen said Korea has been successful in powering the economy by adopting a government-controlled policy. Policymakers adopted an export-led industrialization strategy and focused on quantitative growth. They now believe these policy tools might not be workable in the future.

Korea will no longer be able to rely on high growth based on low wages. So far Korea has been able to grow without check from the Western industrialized countries. But in the future, the nation must compete

with developed nations to become an industrialized country, a Ministry of Finance and Economy report said.

Policymakers are now talking through the grand economic design, which will be reported to President Kim Yong-sam by next June.

Cha Tong-se, president of the Korea Development Institute (KDI), said the plan will be divided into three stages, with the first stage covering 1996 through 2000, the second phase 2001-2010 and the final stage 2010-2020.

The first plan will be quite concrete in outlining the objectives the Korean economy will realize and the second and third stage programs will set out medium-and long-term economic projection, vision, and development strategies, he said.

The 25-year plan will set out a vision for making Korea a stable and low inflation economy as well as one which realizes optimal income distribution.

It will emphasize creative private-sector initiatives, with the government's role being focused on regulating monopoly and unfair trading. The plan will emphasize the need to cultivate human resources, strengthen education, and modernize social infrastructure and information system as these non-tradable factors will replace cheap labor to become critical factors in sharpening international competitiveness, the Ministry of Finance and Economy said.

Sim Sang-tal, counselor to Finance and Economy Minister Hong Chae-hyong, said, "It is quite difficult to design a 25-year plan because most of the designers will have retired by the year 2020 but this long-term program is necessary for the Korean economy."

He and many other participants working on the 25-year plan are finding more questions than answers these days, illustrating how difficult it is for them to predict what will and should happen to the Korean economy over the next three decades.

They have difficulty in identifying the assumptions necessary to design the grand plan. For example, they are unsure of when the divided Koreas will be unified. If unified, they do not know whether it will be gradual or sudden. "The North Korean factor is the most difficult area, making us cautious in designing the 25-year plan," KDI economist Pak Chin said.

Interviews with policymakers, professors and economists indicate that ways of solving the polarization of the economy between small and medium-sized companies and big business groups need to be outlined in the long-term plan.

According to Counsellor Sim, Korea had to foster family-oriented chaebol to realize a quick condensed growth in the past and Korea will continue to need chaebol for a sustained growth in the future. However, the Korean people do not have a high opinion of these family-oriented chaebol as their founders have colluded with those in government power to expand their business territory, he said, adding ownership and ethical issues they raise have yet to be solved.

The second issue that Korea must grapple with on the way toward maturity and advancement, is how Koreans can be induced to shed a narrow nationalism, parochialism or closed attitude to the outside world, they said. The Korean economy is sometimes described as a grown-up baby. Although Korea has emerged as 11th largest economy in the world, the way people think has not changed dramatically, according to Counsellor Sim.

In the 21st century, Korea must move toward a credit-based society by making rules and regulations transparent and predictable, he said. In Korea, people generally do not accept what others say at face value. They are at pains to decipher the hidden meaning. Politicians have frequently amplified distrust in society by reneging on what they say. Banks always demand collateral for loans, an indication that bankers do not believe in people, but only trust collateral, he added.

Despite foreign eulogizing of Korea's economic success, the national economy is geared toward producers, not consumers. Thus growth has been propelled at the sacrifice of consumers. With concentrated economic growth, there has been a tendency to pay less attention to promoting the quality of life as is vividly seen in the collapse of the Songsu Bridge and Sampung Department Store. A Ministry of Finance and Economy report acknowledged that despite 30 years of high quantitative growth, little effort has been made to upgrade the people's quality of life, including safety against disasters.

In designing the long-term plan, policymakers are also at pains to make Korea an industrialized nation without any of the problems of Western developed countries such as narcotics, disintegration of family ties, high divorce rates and crimes, according to Finance and Economy Minister Hong Chae-hyong.

Despite the dizzy pace of economic growth, Koreans still have a "small country mentality" and have been quite negative in playing an active role in international society commensurate with their economic status. Unless Korea sloughs off this narrow-minded mentality, it will become an international orphan, Counsellor Sim said.

Other problems that need to be solved before the nation becomes a developed country, include urban traffic congestion, management of stress, productivity in the government sector, population concentration in the capital, environmental preservation, and welfare policy, according to Cha Sung-hui, who has been commissioned to come up with the 25-year plan. An economist at the Federation of Korean Industries said the government must be bold in eliminating its tight control of the economy when it designs it.

Cha and other planners say they will translate these suggestions into concrete actions to be implemented in

the next 25 years. The government said the long-term plan will clear away uncertainty in the economy.

Professor Yi Pil-sang of Korea University said it is better to have a plan than not to have one but the plan should be neutral politically so that it appeals to following presidents. He questioned whether the 25-year plan will be workable after President Kim Yong-sam steps down.

Brunei, Malaysia & Singapore

Malaysia

Mahathir: No Decision on Osaka APEC Attendance

*BK2810131295 Kuala Lumpur RTM Television
Network 1 in Malay 1200 GMT 28 Oct 95*

[FBIS Translated Text] Datuk Sri Dr. Mahathir Mohamed said he has not decided on whether or not to attend the APEC [Asia-Pacific Economic Cooperation] summit in Osaka, Japan on 19 November.

[Begin recording in English, in progress] [Mahathir] We are studying the objectives of the meeting, as well as what can be achieved at the meeting. So, once I've studied that, I'll make a decision.

[Unidentified correspondent] We understand your position, and I think it is very reasonable that you have some objections about the way of discussions in APEC. Is it very political, too political, or ...?

[Mahathir] No, not very political. I want to know what this is [changes thought] how does it affect us? What do we gain from it? Those are the questions that I have to know. Also, when attending such a conference, we feel that we should be free to decide. [end recording]

Special Envoy, Mahathir View APEC Attendance

*BK3110080695 Kuala Lumpur BERITA HARIAN
in Malay 31 Oct 95*

[Report by BERNAMA — received via internet]

[FBIS Translated Text] Kuala Lumpur, Monday — Japanese Prime Minister Tomiichi Murayama's special envoy met Prime Minister Datuk Sri Dr. Mahathir Mohamed at Sri Perdana [Prime Minister's residence] last night in an effort to coax the prime minister to attend the Asia-Pacific Economic Cooperation (APEC) summit in Osaka next month.

A Japanese Embassy official who confirmed the meeting said the special envoy, Masajuro Shiokawa, arrived last night, and returned to Tokyo early this morning.

Shiokawa is a senior official of the Liberal Democratic Party, the largest of the three-party coalition government headed by Prime Minister Tomiichi Murayama.

The embassy representative said: "Dr. Mahathir is considered to be an outstanding leader in the Asia-Pacific and his participation in the summit is important in exercising his leadership in APEC."

Speaking in Langkawi last night, Dr. Mahathir, said he has yet to decide whether to attend the summit. Dr. Mahathir has frequently been questioned by Japanese reporters on the issue.

Dr. Mahathir said his participation in Osaka will depend on his evaluation of the objectives and impact of the meeting.

When asked about his reluctance to attend the summit, Dr. Mahathir said he wished to know what impact the APEC summit will have on Malaysia and other countries.

Academic: EAEC, APEC 'Can Work Together'

*BK3110040895 Kuala Lumpur THE STAR in English
30 Oct 95*

[Report by Shashi Kumaran — received via Internet]

[FBIS Transcribed Text] Petaling Jaya — The proposed East Asia Economic Caucus (EAEC) and the Asia-Pacific Economic Cooperation (APEC) forum can work together for the good of the Asia-Pacific region.

Malaysian Association for American Studies (MAAS) president Profesor Dr K.S. Nathan said the EAEC was not in conflict with the principles of APEC and both promoted a common concept of open regionalism.

He said the two agendas could be used to encourage North-South dialogue.

"We need to see how to build cooperative security without viewing the current economic scenario as tending towards a clash of Western and Eastern civilisations," he said.

Prof Nathan was commenting on a report last month that the United States had maintained that APEC was the right mechanism for Asia-Pacific nations to discuss long-term economic directions.

"APEC need not be the only mechanism for promoting economic regionalism and trade liberalisation in the region. We must also take into consideration the need for subregional approaches, and accommodate the economic aspirations of new actors in the post-Cold War era."

He said MAAS would organise an international conference to focus on the changing relations between the United States and the Asia Pacific region.

Singapore

Chinese Envoy on 'Free, Safe' South China Sea

*BK0111080095 Singapore THE SUNDAY TIMES
in English 29 Oct 95 p 3*

[Report by Sunny Goh]

[FBIS Transcribed Text] China places great importance on the free and safe navigation through international

lanes in the South China Sea, Mr Fu Xuezhong, the Chinese ambassador here, said yesterday.

Beijing takes this position not only because it is a part of the international communications hub, he explained, but also because the South China Sea is "the vital line" of China's opening-up and the transportation channel of its foreign trade.

Mr Fu, who was making his first public speech after taking office in July, hit out at critics who either regarded the South China Sea as a potential hot spot or hoped to see it become one.

"The fact is, there is no tension there at all.

"Compared with the past, the situation now should be described as stable and normal," he told about 70 guests at a Young PAP [People's Action Party] luncheon, at the NTUC [National Trade Union Congress] Club in Shenton Way.

The potentially resource-rich Spratly Islands, which straddle international shipping lanes in the South China Sea, are claimed wholly or in part by China, Taiwan, Brunei, Malaysia, the Philippines, and Vietnam. China and Vietnam also claim the Paracel islands, north of the area.

In his speech on "China and Southeast Asia," he said China and other claimants were conducting bilateral consultations and exploring ways for cooperation.

"It is only natural that it will take time and need patience to solve such a complicated issue. We hope a solution will finally be found on the basis of the established International Law and the Law of the Sea, and in a manner of the Oriental people."

Mr Fu, who devoted a major portion of his half-hour address to dispelling the notion of China as a potential regional threat, said there was no reason for Beijing to damage its good relations with surrounding countries: "China is a big country — and also a responsible one," he stressed adding that Beijing would "never force its values upon others" but respect that the development routes of Southeast Asian states were of their own choosing according to their own conditions.

"From my own observation, the people of South-east Asia are very kind to Chinese people," said Mr Fu, 55, a career diplomat who took charge of Southeast Asian affairs in the Department of Asian Affairs in the Foreign Ministry before his posting here.

As for China itself, he said the country had established its third-generation collective leadership, with President Jiang Zemin at its core.

"The present stable political situation is likely to keep on for a long period, and the reform and opening-up policy will be pursued unswervingly," he added.

China, which recently drew up its ninth five-year plan and planning up to 2010, had set a growth rate of 8-9 per cent for the first half of the next 15 years and 7 per cent for the later half.

"Any observer without prejudice can see that China's development will benefit the sustainable prosperity of the whole Asia-Pacific region, including South-east Asia," he said.

On Asean in particular, his assessment was that contacts had increased outstandingly. He noted that the Chinese Foreign Minister had attended five Asean foreign ministers' meetings and two Asean Regional Forum sittings.

The decision to revive multilateral talks with Asean which began in the Chinese city of Hangzhou in May, had also yielded "good results", he said. THIS

President Ong Departs for U.S. Medical Checkup

*BK0111100095 Singapore THE SUNDAY TIMES
in English 29 Oct 95 p 1*

[Unattributed report]

[FBIS Transcribed Text] President Ong Teng Cheong leaves today for the United States for medical consultations on the advice of his doctors.

A press statement from the Prime Minister's Office yesterday said that Mr Ong had a recurrence of the same low-grade lymphoma that he was diagnosed with in August 1992.

Accompanying him on the trip is Mrs Ong and his principal physicians, it added.

The statement said that tests conducted on the President during his stay at the National University Hospital last weekend confirmed the recurrence.

The site of the recurrence is, however, very rare. It is located just below the skull, it said, adding that because of this unusual presentation, doctors had recommended that the President be evaluated by Dr Saul Rosenberg at the Stanford University Medical Centre.

Dr Rosenberg, who is the medical centre's chief of the division of oncology, was one of the experts who examined Mr Ong when he was first diagnosed with the illness.

He had agreed with the recommendation of Mr Ong's Singapore doctor that the President needed no treatment then in view of the low-grade nature of the illness.

Yesterday's statement said that Mr Ong was expected to return on Tuesday.

Mr Lim Kim San, chairman of the Council of Presidential Advisers, will be the Acting President in Mr Ong's absence.

Indonesia

Region Does Not Need U.S. 'Security Umbrella'

BK0111072795 Jakarta KOMPAS in Indonesian
1 Nov 95

[Editorial: "We Do Not Need a U.S. 'Security Umbrella' in the Post-Cold War Era" — received via Internet]

[FBIS Translated Text] Dr. Sheldon Simon, a lecturer from Arizona State University, has rightly said that the U.S.' post-Cold War security policy in the Asia-Pacific region is unclear and inconsistent. In a lecture in Jakarta (which the Tuesday 30 October edition of this daily reported) Simon said that there is the impression that the United States actually has no security policy in the region.

According to Simon, this unclear and inconsistent security policy has been caused by an absence of opponents or enemies in the region. He said: "As the opponents and enemies of the United States in the post-Cold War era are unclear, the direction of the U.S. security policy is unclear as well. It is not surprising that the United States is frequently accused of having no security policy.

An important point of Simon's lecture, which we need to underscore, is the existence of four schools of thought that influence the foreign and national security policies of President Bill Clinton. We believe that the first two schools — the Wilsonian school of thought and the school of thought based on economic nationalism strongly influence the formulation of President Bill Clinton's policy in the Asia-Pacific region.

According to the Wilsonian school of thought, a security policy should be implemented multilaterally through the promotion of democratic values on the premise that there is a slim possibility of war breaking out among democratic countries. It is not surprising that the Clinton administration will continue to raise the human rights situation and propagate democratic pluralism in Asia-Pacific countries.

According to the school of thought based on economic nationalism, "peace will come after their stomachs are full." This school of thought believes that the markets in the Asia-Pacific region, which continue to enjoy economic growth must be liberalized through free trade and investment based on capitalism.

The security policy of the United States was very clear and consistent during the Cold War era, which lasted from around 1947 until the collapse of the Soviet Union in 1992. The security policy during the Cold War was determined by a "threat perception" under which every inch of Western areas, including those in the Asia-Pacific region, had to be defended from communist enemies (the Soviet Union and China).

U.S. national security policy during the Cold War was based on a deterrence strategy designed to prevent communist invasions on various continents. The Soviet Union/Warsaw Pact and China were warned that the United States and the West were ready to launch conventional or nuclear attacks.

In the Asia-Pacific region, the deterrence strategy was manifested by the stationing of troops and war machines in Japan, the Korean peninsula, the Philippines, and the Pacific Ocean. The U.S. military presence in the Asia-Pacific region was instrumental in maintaining the balance of power between the United States and the Soviet Union — a status quo that ensured regional peace and stability.

During the Cold War, we relied so heavily on the U.S. "security umbrella" that we did not have our own independent security policies. The realization of the concept of a Southeast Asia nuclear weapons-free zone was repeatedly delayed. The foreign policies of Southeast Asia and East Asia were labeled as being "pro-Western" and defense alliances such as FPDA [Five-Power Defense Arrangements] and SEATO [Southeast Asia Treaty Organization] were merely a military extension of the United States and West Europe.

The Cold War succeeded in maintaining a global balance of power and checked regional upheavals. However, we felt that we were being overshadowed by a sense of fear of an East-West confrontation and we were unable to independently develop our own identities as Asia-Pacific people, politically or economically.

The demise of the Soviet Union and the Warsaw Pact ended the Cold War and thus, the East-West confrontation globally and regionally. The post-Cold War era began with U.S.-Soviet/Russian accords on reducing of the number of conventional forces in Europe, annihilating intermediate nuclear forces in Europe, and reducing the number of intercontinental nuclear arms.

These global changes drastically affected the presence of U.S. forces in the Asia-Pacific region. Both Subic Naval Base and Clark Air Base in the Philippines were shut down, the number of U.S. personnel in Korea and Japan reduced, and traditional allies were asked to share the defense burden by granting periodic military access

to U.S. personnel and combat equipment, and by holding joint exercises.

U.S. forces in the Asia-Pacific region were mobilized earlier for an all-out war, but President George Bush (1988-92) stationed lean forces ready for rapid deployment in the region. President Bill Clinton closed down about 30 military bases and limited the military presence in the region to 100,000 soldiers and only one aircraft carrier.

The downsizing has been misinterpreted by a number of Asia-Pacific countries. They feel that they have been abandoned by the United States as a guarantor of stability, peace, and economic growth. Even worse, they anxiously interpret China's military projection and Japan's new role as being indicative of the two countries' hegemonism over the Asia-Pacific region.

In fact, we should not feel that the United States has abandoned the Asia-Pacific region and should discard any prejudice that China and Japan want to reassert their imperialism. We have shown that political and security dialogue through the ASEAN Regional Forum and cooperation in liberalizing trade and investment through APEC [Asia-Pacific Economic Cooperation] have become effective vehicles to turn the Asia-Pacific region into a zone of peace and prosperity in the absence of a security umbrella.

Suharto's Meeting With Israeli Premier Viewed

*BK3010083795 Jakarta REPUBLIKA in Indonesian
23 Oct 95 p 6*

[Editorial: "Suharto-Rabin Meeting"]

[FBIS Translated Text] A very important meeting took place in New York at 1800 on Saturday, 21 October. Mr. Suharto received Israeli Prime Minister Yitzaq Rabin in the Presidential Suite [preceding two words in English] on the 41st floor of the Waldorf Towers Hotel. The meeting that was described by the Minister and State Secretary as 'sudden' lasted about 30 minutes.

Undeniably, the meeting between the two leaders was made possible by the celebrations that marked the 50th anniversary of the United Nations. Heads of state and government usually meet each other prior to or after such an event. This time can be used efficiently and, unlike a state visit, such an event is not hampered by protocol procedures.

Such a meeting is indeed different from a state visit. This type of meeting is 'less significant' politically, but is often more effective because there is no need to follow formalities. Prime Minister Rabin must have considered that before expressing his desire to meet Mr. Suharto.

We can guess that the talks at Waldorf Towers Hotel were a continuation of the Suharto-Rabin talks held in Jakarta two years ago. On 15 October 1993, Rabin came to Jakarta to brief Mr. Suharto on the Middle East peace plan jointly undertaken by Israel and the PLO, which represents the Palestinian people.

Minister Murdiono confirmed this assumption: "What the Israeli prime minister explained a little while ago followed up on what he said to President Suharto about two years ago," the minister said. This time he detailed the latest developments in the Middle East peace process, particularly the relations between Israel and Palestine.

Officially, Rabin confined himself to talking about the Middle East peace process and did not touch on another subject — possible bilateral relations between Indonesia and Israel. Of course, Rabin knows very well that the second subject is more sensitive than the first one. Accordingly, he focussed on the Israeli-Palestinian peace process.

Nevertheless, we can clearly interpret Rabin's steps as part of Israel's efforts to establish diplomatic relations with Indonesia. Israel is greatly interested in Indonesia for political and economic reasons. In particular, that country wants to play a new role in the future. Two meetings with Mr. Suharto, including one on Cendana Street in Jakarta two years ago, indicate Israel's strong desire.

We cannot rule out the possibility of establishing diplomatic relations with Israel. Nevertheless, everything will largely depend on Israel's seriousness in achieving peace in the Middle East and in the world. In this regard, our stance is clear — there can be no diplomatic relations before a Palestinian state is established in their own homeland.

Suharto Briefs Reporters About Recent Tour

*BK0111092695 Jakarta ANTARA in Indonesian
0655 GMT 1 Nov 95*

[FBIS Translated Text] Jakarta, 1 Nov (ANTARA) — President Suharto has stated that his meeting with Israeli Prime Minister Yitzaq Rabin in New York on 21 October did not touch on the possibility of Indonesia and Israel establishing diplomatic relations.

"The meeting simply followed up Rabin's earlier visit to Jakarta," the president told reporters aboard an aircraft on the way home from Jeddah, Saudi Arabia to Jakarta on Wednesday.

On 21 October, Rabin briefed President Suharto on the latest developments in the Israeli-Palestine peace process. Rabin came to Jakarta in October 1993.

"Israel gave Indonesia some information in the meeting. Israel considers Indonesia an important country because the majority of Indonesians are Muslims," the president, who was accompanied by Mrs. Suharto and Minister and State Secretary Mardiono, said.

The head of state firmly said that Indonesia would continue to support the struggles of the Palestinian people and Islamic countries bordering on Israel, particularly the ones whose lands are occupied by Israel.

The president and his delegation left Jakarta on 15 October for the summit of the Nonaligned Movement [NAM] in Cartagena, the ceremonies marking the 50th anniversary of the United Nations in New York, and talks with U.S. President Bill Clinton at the White House in Washington D.C.

The president said that bilateral relations and the APEC [Asia-Pacific Economic Cooperation] economic leaders meeting scheduled to be held in Osaka on 19 November were discussed during the meeting at the White House.

President Suharto expressed its gratitude to the Pentagon for offering to sell F-16 Fighting Falcon jet fighters to Indonesia.

"Nevertheless, it will be impossible for us to pay them in cash because our priority is economic development, particularly [words indistinct]. President Clinton understood this," the president said.

President Suharto told Clinton, who was accompanied by Vice President Al Gore, that Indonesia used export credits to purchase second-hand ships from Germany.

Minister and State Mardiono said in Paramaribo, Suriname that Indonesia would seriously consider the offer if Washington offered soft-term credits.

After performing a minor pilgrimage in Mecca, the head of state stopped over in Abu Dhabi on his way home. The head of state met Zayid Sultan al-Nahyan, president of the United Arab Emirates [UAE] during the one-hour stopover.

President Suharto said that the UAE outlined its plan to purchase more N-235 aircraft to patrol its territorial waters during the brief meeting. The president highly appreciated the UAE's intention to purchase the national product.

"This is very encouraging. Other countries trust our products, but there are people at home who are not capable of appreciating local products. They, however, cannot be labeled as being anti-national because they may perhaps fail to understand the situation," the president said.

The head of state noted: "There are several groups who anticipate a disaster that will destroy the nation."

Regarding the results of the NAM summit in Cartagena, Colombia, the president said that the delegates in general continued to expect Indonesia to play an active role in the movement. [passage indistinct]

On the United Nations, the president said that the heads of state and government who came to New York in general agreed that the world organization was still needed to improve the situation in the world.

Developing countries want UN agencies such as UNIDO [United Nations International Development Organization] and FAO [Food and Agriculture Organization] to be maintained because they have successfully helped developing countries.

Giving reporters the opportunity to pose questions, he was asked about the birth of the Indonesian National Association [PNI].

"This question has nothing to do with my journey. I will look at the matter first. Nevertheless, they must remember that they should not do things at random," the president said.

The head of state was greeted by Vice President Try Sutrisno, Mrs. Try Sutrisno, and several high-ranking officials at Halim Perdanakusuma Airport.

Interview With Military Leader Suyono Reported

*BK0111051095 Jakarta FORUM KEADILAN
in Indonesian 23 Oct 95 pp 81,84*

[“Excerpts” of interview with Lieutenant General Suyono, chief of Indonesian Armed Forces General Staff, by FORUM correspondents Tony Hashim, Sudarsono, and Hanibal W.Y.W in Jakarta on 5 October]

[FBIS Translated Text] [FORUM] Do you think the communist style of agitation and propaganda that you mentioned has reached a dangerous level?

[Suyono] This is tantamount to asking a doctor: "How serious is the current AIDS threat?" The doctor's reply probably would be: "Well, if there is no prevention from the beginning, it could grow and become a fatal disease."

[FORUM] That indicates that our country is in a serious situation. Is that right?

[Suyono] I would not say that the situation is serious, but I want to point out that the PKI [Indonesian Communist Party]-style of agitation and propaganda is now being carried out openly. There is a lot of evidence, including the case of [mystic] Permadi, who deliberately distributed his agitation and propaganda cassettes among

members of the public. He has openly said: "Don't believe what the regional military commander has said!" When a person speaks that way, don't you feel his words are similar to what the banned PKI leaders used to say?

[FORUM] You said that relatives of PKI leaders are also doing the same thing. Do you have any proof?

[Suyono] We know who [labor leader] Mokhtar Pakpahan is. (Shortly after Pakpahan was arrested, military officials said there were grounds to believe that he was a communist because his father was involved in the "Bandar Betsy incident" masterminded by PKI — Editor). Before the outbreak of the Medan riots, Pakpahan had already launched his agitation and propaganda campaign, and held illegal meetings in various parts of Indonesia. Though he claimed he was in Semarang when the Medan riots broke out, I am certain he was the one who masterminded the riot. While he was in Semarang, my men constantly monitored his movements. I am convinced that he was the one behind the riots, therefore we arrested him. People like Permadi and Pakpahan are beginning to appear and speak openly.

[FORUM] If that is the case, who don't the authorities arrest them?

[Suyono] It is like this. We now live in an era where the law reigns supreme. So ABRI [Armed Forces of the Republic of Indonesia] cannot make arbitrary arrests. What ABRI is doing now is separating the communists from the noncommunists and persuading communist sympathizers to abandon the communist way of thinking. Therefore, our duty is to make people understand the difference. I want to remind you and other members of the younger generation that in the past, we not only classified PKI members into A, B, and C Categories, but we also dealt with the F Category, namely, intellectuals who were sympathetic to the PKI cause. In the past, we did not arrest these F Category members and now they still living among us. We cannot directly identify them because they will not admit being communists. However, looking at the way they operate, there are grounds to believe they must be communists. Their number is not small. They are intellectuals whose main job is to influence the public by various means. These people include [academic] George Adicondro and [student activist] Paul Salim who write articles via the Internet. There are also others.

[FORUM] But they are not PKI members?

[Suyono] It is up to you to judge, but they use PKI tactics.

[FORUM] Do you classify people's call for justice, democracy, human rights, and others as PKI agitation and propaganda efforts?

[Suyono] It is up to you to judge. What ABRI has done is to expose to the public whatever methods and techniques usually employed by the communists. These tactics are very obvious in ABRI's eyes. After studying their activities, we notice that the current situation is similar to that before the 1965 coup attempt. The method is only slightly different. Now they infiltrate the press, distribute illegal leaflets, and even write articles on the Internet.

In the past, they organized mobs and held parades in the streets with marching bands. They even demanded the setting up of the Fifth Service [armed workers and peasants]. Now they have launched an information war. Do you think we should allow them to go unchecked? They have stabbed our back three times. Do you want them to stab our back a fourth time?

[FORUM] How can you accuse them of being communists without a thorough investigation?

[Suyono] It is up to you to decide. I am not accusing people for nothing, but you must also have pity on people in this country. Never allow what happened in Russia to happen here. The intellectuals in that country wanted change and persuaded the military to rebel against the tsar. Once the tsar was overthrown, the country became communist. But communism collapsed 70 years later, following the introduction of Glasnost. The Russian people wanted to copy the U.S. model, but instead only got chaos. We must never follow Russia's example. If there is change, it must be smooth and evolutionary, not drastic. If some people want change in an unnatural way, they will have to face ABRI.

[FORUM] So for now ABRI cannot take action against these people?

[Suyono] What can we do? We live in a different era now, one where the law reigns supreme. However this does not mean that we are not monitoring their activities. If they do carry out any illegal activity, we will certainly arrest them.

[FORUM] If that is the case, it will not be easy for ABRI to cope with them.

[Suyono] Not really. If they break the law, we will arrest them. That is no problem.

[FORUM] The Supreme Court freed Mokhtar Pakpahan while Permadi was sentenced to only seven months in jail. In these cases, didn't ABRI coordinate with the judiciary?

[Suyono] The judiciary is independent. Even though Bakorstranas [Coordinating Agency for the Strengthening of National Stability] did try to coordinate things,

no one could influence the judge when he made his verdict. A judge views cases from a legal aspect, ABRI has a wider perspective. An incident must have a series of previous events. Anyway as the court has already issued its verdict, we will not protest it. I am not sure if the verdict will have an affect on the people. Personally, I am concerned that if Mokhtar is considered innocent in the eyes of the law that those born after 1965 may see him as an honorable person. That would create problems.

[FORUM] The recent riots in East Timor were caused by the circulation of illegal leaflets among the people. Now we also see illegal leaflets in Java.

[Suyono] We are still investigating the leaflets. But after the riots in East Timor, I want to ask why the NGOs [Nongovernmental Organizations], who are normally so outspoken on human rights issues, did not defend ABRI soldiers when the latter's human rights were violated? During the riots, there were soldiers who were lynched and stoned by the mob. Is this not a violation of human rights?

[FORUM] Perhaps since ABRI is seen as a strong force, there is no need to defend them.

[Suyono] Why is it that in East Timor where ABRI is at a disadvantage, meaning that ABRI is the underdog, no one tries to defend us? These NGOs must have ulterior motives. We are severely attacked for every minor mistake we make. However ABRI cannot be in this underdog position forever.

The important thing is that we now know what these NGOs want and we are going to monitor their activities. When something happens we will be able to take action and say: "This person must be the mastermind." Our task now is to persuade those who are not fully influenced to abandon their way of thinking and return to our side. We will not persuade the hard-core ones to return. These include George Adicondro, who has fled to Australia. This person already has a negative stand toward us and he always blames us for whatever we do. If he is hostile to us, we will always consider him as an enemy.

[FORUM] You said that the agitation and propaganda campaign will reach its climax in 1997. Can you tell me what form it will take?

[Suyono] They will try to create instability in all fields. If that happens, they will proceed with their plan.

[FORUM] Why is it 1997 instead of 1998?

[Suyono] From past experience, I have noticed that after a general election is held, political groups will usually consolidate their power base. When their leaders start moving to a certain direction, their supporters will

follow. This will lead to changes. For us, the general election is a culmination of five-year events. If we want changes, we must act together. However, we must know in advance what kind of changes we want. If it leads to the country's break-up, we do not want it.

[FORUM] Now the people want changes. Is ABRI aware of this fact?

[Suyono] I have often said I know people want changes. People also want ABRI to take an active part in the process of changes. However, we must also be careful and we must know what kind of changes they want and how they do it.

If the process of changes is based on existing system and in line with the people's true wishes. ABRI will certainly take part in it. But if it deviates from the Pancasila ideology and the 1945 Constitution, ABRI will oppose it. As for democracy, you must admit that ABRI was indeed a pioneer in this area. But we want true democracy, not destructive one. In short, as long as the process of changes is in line with the people's aspirations, ABRI will support it.

[FORUM] What about relations between Golkar [Functional Group] and ABRI?

[Suyono] You should pose this question to the chief of the ABRI sociopolitical affairs as I am in charge of defense and security only. However, I believe that ABRI is an organization consisting of personnel with family members. If family members want to support Golkar, what is wrong with it? The same is true with FKPP [Communication Forum for ABRI Children and former ABRI Personnel], which usually votes for Golkar. So the issue is simple. Besides, ABRI was also involved in the establishment of Golkar so ABRI can control, supervise, or even ignore Golkar. If Golkar is mature enough, ABRI may allow it to go its own way.

[FORUM] But is not ABRI supposed to support all political groups?

[Suyono] Structurally speaking, ABRI is supposed to support all groups, but this should not be confused with the concept of the ABRI Big Family [Keluarga Besar ABRI]. If, as an organization, ABRI does not support all political groups, I am afraid that general elections could not be held. Besides, it is a fact that ABRI is still held in high esteem because ABRI supports all political groups.

[FORUM] PPP [United Development Party] and PDI [Indonesian Democratic Party] have complained that in practice, ABRI only supports Golkar.

[Suyono] It is because they are not yet mature and cannot organize themselves well. They are looking for all kinds of excuses.

[FORUM] ABRI is supposed to be from, for, and belong to the people. This means that ABRI must adopt a neutral stance toward all political organizations.

[Suyono] When we talk about ABRI's neutral stance, it must be also related to its neutral counterpart [preceding word in English]. ABRI's neutrality cannot be related to people who are not neutral.

[FORUM] Neutrality here means those who support Pancasila ideology and the 1945 Constitution?

[Suyono] Of course, we adopt a neutral stance toward those who believe in the same ideology. This is logical. Therefore, it is wrong to say we are neutral toward those who are against Pancasila.

[FORUM] This means that PPP and PDI do not adopt Pancasila yet?

[Suyono] No. For us, they are no different from ABRI because all of us are state assets. People are now questioning ABRI's neutrality because they cannot distinguish ABRI and ABRI Big Family. The latter happens to express its political aspirations to Golkar. You cannot restrain them because it is their basic right. As an institution, ABRI adopts a neutral stance toward all sociopolitical organizations. For ABRI, Golkar, PPP, and PDI are all state assets. For example, if somebody wants to outlaw PDI, ABRI would certainly shout: "No" because PDI is a state asset.

[FORUM] You disagree with outlawing PDI, but if PDI had internal rifts, you would do nothing about it. Your comments?

[Suyono] That is not true. Do you think ABRI is happy to see PDI members fighting amongst themselves? Do you think ABRI did nothing when PDI had its problems in the Medan and Surabaya congresses? Do you think it cost nothing to hold such congresses? In fact, ABRI has done a lot to keep them united, but they have refused to do so. They were given advice on how to solve their internal problems, but they refused to listen. ABRI wants them to stay united, but they refuse. If that is the case, what else can ABRI do?

[FORUM] It appears that ABRI has changed direction after turning 50 years old.

[Suyono] This is only natural. As the president said, we all have to carry out trade liberalization in this APEC [Asia-Pacific Economic Cooperation] era whether we like it or not. ABRI must catch up with this new trend and has assigned 100 of its personnel to study business.

[FORUM] So we are ready to enter the capitalist economic system?

[Suyono] Don't say that. Our economy is based on the family-like system. We have persuaded our business conglomerates not to be too capitalist-minded. We also pay attention to the poor.

[FORUM] But why does ABRI want to do business?

[Suyono] We have an equal chance as part of this nation. Why can't ABRI do business? We will have limited potential if we are not allowed to do business. We must have economic orientation while the rest of the world is business-minded. Some ABRI officers are now studying business, not only at the Open University, but also doing self-study, to welcome the economic era. We will be in a disadvantageous position if we do not study business. In the past, children of ABRI officers were banned from studying overseas. This meant only children of certain social groups could enjoy the privilege of being junior conglomerates, while the children of ABRI officers remained backward.

[FORUM] The main point is that ABRI wants to adjust itself to the latest situation?

[Suyono] Yes, we must have a better economic orientation. Whether or not we like it, a strong country must have a strong economy. A strong ABRI does not guarantee a strong country.

[FORUM] Don't you think it will affect ABRI's image?

[Suyono] In what way can it affect ABRI's image? In the past, we needed physical strength, but now we need economic strength. What is happening between the United States and Japan is comparable to a trade war.

[FORUM] If ABRI is working with the business conglomerates, it gives the impression that you are backing them.

[Suyono] Don't look at the issue from a negative angle. We must realize that the present-day war is not physical. The business conglomerates need ABRI. They know they will have a hard time without ABRI. The situation is now peaceful because security is ensured. People always take into account ABRI's strength.

[FORUM] How many ABRI personnel are there now?

[Suyono] The number is under 500,000. Our target is 500,000, but we have not reached it yet.

[FORUM] How long will ABRI maintain this level?

[Suyono] We want to grow bigger than this because when we viewed from various angles, we still feel backward. From the angles of our coastline length,

population, land area, sea area, or even GDP and GDP, we are indeed backward. It is hard to train and produce military officers due to the lack of public interest in a military career. Perhaps present-day youths are more interested in becoming laborers than becoming soldiers because the latter draws a smaller salary.

[FORUM] How come a soldier's salary is less than that of a laborer?

[Suyono] This depends on the people, they are the ones who should solve this problem. We know that the people give us our daily bread.

[FORUM] How does ABRI see the era after the year 2000?

[Suyono] We hope that it will be a peaceful era. We hope there will not be an external invasion. We have predicted this since our first Renstra [Strategic Defense and Target Plan] and our prediction has been correct. Good ties and cooperation among ASEAN nations have ensured that there will be no sudden invasion from our neighbors.

[FORUM] With its limited personnel, would ABRI be able to cope with a new conflict?

[Suyono] The key is to have good territorial operations.

[FORUM] If the territorial condition is good, will it be followed by stable sociopolitical condition?

[Suyono] Territorial operations are part of ABRI's dual function, but this duty should not be interpreted in a physical way to the extent that people often think that doing civic missions or assigning ABRI officers to the legislative branch is part of ABRI's sociopolitical role. Dual function is ABRI's twin roles, which are inseparable and one role is no less important than the other. The essence of dual function is in fact the spirit of togetherness between ABRI and the people in nation building. However, Western people often give a different interpretation to ABRI's dual function, saying that as a security and defense force, ABRI also meddles in social and political affairs. They use their own armed forces as a yardstick. They are not aware that ABRI has the moniker of being the people's army. With this, ABRI gets involved in all aspects of public life.

[FORUM] Does ABRI still have time to prepare itself to be a fighting force? What happens if a war breaks out and it turns out that ABRI is unable to fight?

[Suyono] No problem. With this spirit of dual function and togetherness between ABRI and the people, you are also a soldier of the country. Our country's defense is indeed based on the total people's defense system, which actually means that all Indonesian people are TNI [Indonesian National Force] personnel. Because all of

the Indonesian people are the country's troops, other countries should think hard before attacking us.

[FORUM] However, this concept is valid only if there is military conscription.

[Suyono] That is true but we already have the State Defense and Security Law. Someday the law will be enforced.

[FORUM] When?

[Suyono] It depends on all of you who want to have it happen. As for ABRI, we are ready anytime, even now. The only obstacle is the funding. It costs a lot of money to train civilians and we cannot handle it alone. It is worth knowing that the State Defense and Security system is one of the most modern warfare concepts. Other countries are trying to copy us. In the past, countries established defense forces by relying on the number of military personnel and equipment and this became a heavy burden to the state. Now even the United States has been reducing its military budget and they want to return to the people's defense concept.

[FORUM] In implementing its dual function, is it possible that ABRI may mix up its defense and sociopolitical role?

[Suyono] Who says so? This happens only when people do not understand how we operate. The ABRI commander has two main assistants. One is chief of ABRI General Staff, who deals with defense and security affairs, and the other is chief of the ABRI Sociopolitical Affairs. There is no mix up here.

[FORUM] But this is only at the work division at the ABRI Headquarters.

[Suyono] No. The system is applied down to the lower levels. Let us look at the Kodam [Regional Military Command] level. When I was a Kodam commander, I often briefed my men on their various duties. Kodam has a role as ABRI's main command implementing ABRI operations in the country's regions. The operations consist of intelligence gathering, tactical or combat operations, territorial operations, and sociopolitical operations. Kodam reports on its sociopolitical operations to the chief of ABRI Sociopolitical Affairs and other operations to the chief of ABRI General Staff. Besides, Kodam has another role as Bakorstranasda [Regional Coordinating Agency for the Strengthening of National Stability], which must report to its chief in Jakarta, namely the ABRI commander. Kodam is also responsible for training Army personnel and must present a report to the Army chief of staff. Therefore, the ABRI structural organization has been organized in such a way that its defense and sociopolitical roles are clearly defined.

[FORUM] We have heard that you will receive another promotion.

[Suyono] I am soldier and I just follow orders. If they want to retire me, I will accept the order because then I can open a car repair shop. I believe that soldiers are as flexible as clay and can be molded into any shape.

[FORUM] Of the three current lieutenant generals, you were the first to become one. Does it mean that you are the best of the three?

[Suyono] I was also the first to be promoted to brigadier general, but it does not mean that I am the best. Perhaps I was promoted because of pure good luck.

Books on Defense Policy, Armed Forces Published

*BK0111104995 Jakarta THE JAKARTA POST
in English 25 Oct 95 p 2*

[Unattributed report]

[FBIS Transcribed Text] Jakarta (JP) — Minister of Defense and Security General (ret.) Edi Sudrajat said yesterday that Indonesia cannot be considered militarily offensive despite its purchasing new weaponry.

Edi spoke during the launching of two books on Indonesia's defense policy and on the role that the country has played in the United Nations at the National Resilience Institute building.

Indonesia is not an offensive country, Edi said. Instead, it is a defensive one, he said.

The launching of the two books, he said, was important in order to correct possible misperceptions of Indonesia's policies on defense and security.

"We do not want to give the impression that the purchasing of new weapons, for example, is aimed at strengthening our forces," he told reporters.

Entitled *Kebijakan Pertahanan Keamanan Negara Republik Indonesia* (Indonesia's policy on defense and security) and *ABRI [Armed Forces of the Republic of Indonesia] dan PBB (ABRI and the United Nations)*, the books were written by a 15-person team led by Rear Admiral (ret.) R.M. Sunardi.

Both were published by the Ministry of Defense and Security.

The first book, which contains 46-pages, is based on Indonesia's "free and active" foreign policy. It explains that the country actively defends itself against foreign attacks and maintains security.

The book also communicates that the country's foreign defense policies include efforts to promote bilateral military cooperation among countries in Southeast Asia.

Such programs, he pointed out, will help boost people's welfare in the region, he said.

He said the book on ABRI and United Nations explains ABRI's roles in international peacekeeping efforts under the UN auspices.

"ABRI has been participating in the UN-sponsored peacekeeping forces in war-torn countries such as Bosnia-Herzegovina, Cambodia and the Philippines," he said.

Edi pointed out that the books were also aimed at meeting the UN's call that all nations make their defense policies more transparent in order to create a favorable climate for confidence building measures among them.

Defense Minister Comments on New Organization

*BK0111102395 Jakarta THE JAKARTA POST
in English 27 Oct 95 p 2*

[FBIS Transcribed Text] Jakarta (JP) — Government officials have given qualified support to the establishment yesterday of a new organization called Indonesian National Unity (PNI).

"Let's just hope that it was established because the founders want to participate and feel responsible (for national development)," Minister of Defense General (ret.) Edi Sudrajat said of the organization which was formally founded last night. "We have to think positively."

The acronym of the new organization is identical to that of the Partai Nasional Indonesia socialist-nationalist political party, established in 1946, which was later merged with other parties to form the Indonesian Democratic Party (PDI) in 1973.

In the days before its establishment, people began referring to the proposed organization as the "new PNI".

About 200 people, including leading government critic Ali Sadikin, attended the inauguration of the organization yesterday.

Former diplomat Supeni was elected chairwoman. Her five deputies include Jathi Kusumo, a PDI legislator.

Another of the deputies Sutan Ali Asli, called on the public yesterday not to associate the new organization with the PNI political party.

In her speech, Supeni said the organization wants to address the questions of moral decadence, corruption, public unrest and a host of other issues that have been neglected by government officials.

The PNI will strive to strengthen nationalism, she said. "We want to establish unity and to cooperate with

various groups, as long as they are based on the state ideology Pancasila," she said.

Other figures involved in the PNI are former minister of home affairs Sanusi Harjadinata; Usep Ranuwijaya, a professor at the private-owned 17 August University; and Berar Fathia who announced herself a candidate for the national presidency prior to the 1992 presidential election.

"I don't know whether this PNI will be another form of the old PNI, but it's better for us to see its establishment as participation in the national life," Edi said.

Another new organization is the National Brotherhood Foundation, recently founded by 67 influential public figures, including former House Speaker Kharis Suhud and former chief of social and political affairs of the Armed Forces Bambang Triantoro.

Coordinating Minister for Political Affairs and Security Susilo Sudarman called on the public yesterday not to draw connections between the widely-publicized birth of the foundation and "the current political situation".

The founders "are old people who want only peace before they die," he said.

"They are idealistic old soldiers who want to uphold the morality of the nation. They want to die peacefully...Let them be. Do we need to prohibit them?" he asked.

Laos

Army Radio Hails Friendship With Burma

BK0111102095 Vientiane Vitthayou Hengsat Radio Network in Lao 0430 GMT 31 Oct 95

[Unattributed editorial: "For the Continued Development of Friendship and Cooperation Between the Two Countries of Laos and Burma and Their Armed Forces"]

[FBIS Translated Text] Respected listeners: Laos and Burma are two neighboring countries sharing several hundred kilometers of common border as well as similarities in their unique cultural, historical, and religious backgrounds. For generations, the Lao and Burmese peoples have built up and nurtured profound mutual friendship and affection for one another. This fine tradition has ceaselessly developed and improved in quality with every passing day. Some outstanding milestones in the history of the relations between the two countries were set up during the visit to the Union of Burma by Khamtai Siphandon, prime minister of the Lao People's Democratic Republic [LPDR] in 1992; the visit to the LPDR by General Than Shwe, chairman of the State Law and Order Restoration Council [SLORC] of the Union of Burma, in 1994; and the visit to the Union of Burma by Nourak

Phoumsavan, president of the LPDR, in May 1995. During those visits, certain agreements were signed that established a firm foundation for the development of relations and cooperation between the two sides for the immediate future and for the long term: for example, the treaty on the demarcation of a permanent border between Laos and Burma, the agreement on the establishment of the Lao-Burmese and Burmese-Lao cooperation commissions, and the agreement on tourism, trade, and aviation cooperation.

Following those visits, an exchange of visits by various technical delegations of the two sides has been continually carried out. The Lao and Burmese people residing along the common border have also stepped up contacts and trade exchanges. Cooperation has also been made by the two sides to suppress the subversive bad elements who are creating disturbances as well as drug traffickers along the border.

On the basis of the said fine relationship between the governments and peoples of the two countries, the Lao and Burmese armed forces have also developed firmer and more concrete ties with one another. This year the fraternal Burmese armed forces and people have rendered invaluable assistance to our armed forces in various fields: for example, by donating some animals to the zoological park of the LPDR National Defense Ministry and sponsoring study tours and English study programs for Lao Army cadres in the Union of Burma.

The official visit to our country by the high-level Burmese military delegation headed by Major General Kyaw Than in June 1995 and the official visit to the Union of Burma by the high-level LPDR military delegation headed by Lieutenant General Choummali Saignason have served to further strengthen the traditional solidarity, mutual affection, and multifaceted cooperation between the two countries and armed forces of Laos and Burma, including the cooperation in defending and safeguarding the common border so that it will remain a border of lasting peace, friendship, and cooperation.

The Lao armed forces and people would like to express their profound gratitude to the fraternal Burmese Government, the armed forces, and people for giving precious support and assistance to us in the past. We pledge to do our utmost to consistently adhere to the policy of maintaining good neighborliness between our two countries. We pledge to further develop our cooperation on the basis of equality and mutual benefits and assistance with the fraternal Burmese armed forces and people.

May the friendship and cooperation between the two countries and armed forces of Laos and Burma last forever.

Military Delegation Returns From Burma Visit

BK3110160995 Vientiane Vitthayou Hengsat Radio Network in Lao 0000 GMT 31 Oct 95

[FBIS Translated Text] Yesterday afternoon, Lieutenant General [Lt. Gen.] Choummali Sai-gnason, national defense minister, leading a high-level Lao military delegation, arrived back in Vientiane after concluding an official friendship visit to the Union of Burma. Welcoming the delegation at the National Defense Ministry were Lt. Gen. Siphon Phalikhan, deputy minister of national defense and chief of the Army's General Political Department; Lt. Gen. Ai Souli-gnaseng, deputy minister of national defense; and several high- and middle-ranking military officers. U Thien Han, ambassador extraordinary and plenipotentiary of the Union of Burma to Laos, was also on hand at the ministry to welcome the delegation.

During its 4-day visit to Burma, the delegation was accorded a warm and intimate welcome from its Burmese hosts.

Upon arrival at the Rangoon international airport at 0930 on 27 October, it was welcomed by Lt. Gen. Min Thein, minister in the office of the chairman of the State Law and Order Restoration Council [SLORC] of the Union of Burma, together with leaders of the three branches of the armed services and high-ranking military officers.

At 1100 on the same day, the delegation paid a courtesy call on Gen. Than Shwe, chairman of the SLORC of the Union of Burma, at the reception room of the Ministry of Defense, amid an atmosphere of intimate friendship. There, Lt. Gen. Choummali Sai-gnason conveyed the greetings of President Nouhak Phoumsavan to Gen. Than Shwe and expressed deep gratitude to the SLORC chairman for granting an audience to the delegation. At the same time, the minister also expressed thanks to the Burmese side for according a warm and intimate welcome to his delegation. He added that the visit to the Union of Burma by the delegation was carried out in accordance with an agreement reached by the president [of the Lao People's Democratic Republic] and the chairman [of the SLORC], aimed at further consolidating and developing relations of friendship and cooperation between the Lao and Burmese Armed Forces.

Speaking for the Burmese side, Gen. Than Shwe hailed the visit to the Union of Burma by the delegation and expressed a firm belief that the visit would serve to further strengthen and develop traditional fine relations between Laos and Burma. He said: Whatever I have agreed with President Nouhak Phoumsavan, we will carry out accordingly. In the recent past, I have dispatched several

delegations to visit Laos. We can see that the exchange of visits will serve not only to strengthen mutual understanding between the two countries but will also allow the two sides to learn lessons from each other.

Gen. Than Shwe noted that even though Burma and Laos share a long stretch of common border, we have never had any serious problems with each other. At present, our two countries share a common goal, that is to struggle to develop and build our countries. Therefore, we should continue exchanging lessons with each other. At the same time, Gen. Than Shwe extended his greetings to President Nouhak Phoumsavan and his wife and to Prime Minister Khamtai Siphandon.

In the afternoon of the same day, the high-level Lao military delegation headed by Lt. Gen. Choummali Sai-gnason held talks with the high-level Burmese military delegation headed by Lt. Min Thein, minister in the office of the SLORC chairman of the Union of Burma. The talks proceeded in an atmosphere of intimate friendship and frankness. The two sides expressed satisfaction with the development of relations between the two countries, especially the mutual cooperation and assistance between the two armed forces in recent years. The two sides expressed a desire to further strengthen such relations and cooperation.

After the talks, the Lao military delegation paid a visit to the museum of the Burmese Armed Forces.

During its stay in the Union of Burma, the high-level military delegation of the Lao People's Democratic Republic also visited many famous historic and cultural ruins and sites in Mandalay, [?Pagan-Nyaung-U], and Rangoon.

Party Control Delegation Returns From DPRK

BK2710122595 Vientiane KPL in English 0935 GMT 27 Oct 95

[FBIS Transcribed Text] Vientiane, October 27 (KPL) — A high-level delegation of the Control Commission of the Lao People's Revolutionary Central Committee (LPRP CC) led by Mr. Maichantan Sengmani, LPRP CC's Politburo member, chairman of the LPRP CC Control Committee, and chief of the Corruption Prevention and Combat Commission at central level, returned home yesterday from the Democratic People's Republic of Korea (DPRK).

During its one-week long cordial visit to the DPRK, the Lao delegation called on the DPRK vice-president, and the under-secretary of the Workers' Party of Korea. The Lao visitors also held a meeting with a host delegation to share experiences with the Inspection Board of the

Workers' Party of Korea. The Lao delegation visited economic and culture sites in the DPRK.

Thailand

Chawalit: PRC To End Burma Arms Support

BK2810113595 Bangkok THE NATION in English
28 Oct 95 pp A 1, 3

[Unattributed Report]

[FBIS Transcribed Text] Defence Minister Chawalit Yongchaiyut said yesterday he has won an assurance from China that Beijing would cease supporting the military build-up of "a certain neighbour" of Thailand.

Chawalit, returning from an official visit to Beijing, did not name the neighbour but was clearly referring to Burma when he said he raised Thailand's concern about an arms build-up in his talks with Chinese leaders.

"We discussed my concern about the arms build-up in this region, especially in our neighbouring country," he told reporters.

"I'm concerned that a certain country in this region is still spending a huge budget on building up its arms which we are concerned about," he said.

Diplomats in Rangoon say Burma's military has spent more than US\$1 billion since the early 1990s on weapons, including jet fighters, artillery, armoured vehicles and naval patrol boats.

Chawalit said China had given him its assurance that it would cease supporting the military build-up in that country.

"From now on I can reassure you on behalf of China that it will be no more, definitely no more," he said in reference to China's support for the arms build-up by Thailand's neighbour.

Most of Burma's arms come from China, but Singapore and various European countries have also been selling weapons to Rangoon.

China's close military ties with Burma have raised concerns in both south and southeast Asia that Beijing might be seeking access to Burmese ports on the Bay of Bengal.

Chawalit said that Chinese officials had denied they were seeking an outlet to the sea via the unnamed "certain country".

The New Aspiration Party leader, who has tried to increase his local and international profile, visited Beijing with a senior entourage including the chiefs of the Thai armed forces. They met senior military and civilian leaders of China.

"We agreed that although there have been some trouble spots in this region, things are moving towards peaceful solutions," Chawalit said.

China also sells arms to Thailand and Chawalit's trip had prompted speculation that the visit might be linked to weapon deals. Officials denied that.

Relations between Thailand and Burma have been strained since the beginning of the year over various problems along the long, common land border and maritime boundary.

Both countries beefed up their forces along the border earlier this year after a series of raids into Thailand by ethnic minority guerrillas allied to the Rangoon government.

Chawalit visited Burma when tension peaked and his personal connections with some military leaders in Rangoon helped calm down the volatile situation.

Supreme Commander Defends Arms Purchases

BK3110080795 Bangkok THAILAND TIMES
in English 31 Oct 95 p A1

[Unattributed report]

[FBIS Transcribed Text] Bangkok — Supreme Commander Gen Wirot Saengsanit yesterday confirmed that arms purchases made by the armed forces were transparent, adding that nobody received any commission.

"Every arms purchase is part of the five-year armed forces development plan 1992-1996. Commanders of the armed forces cannot make purchases as they personally wish, as everything must follow the development plan," Wirot said.

Wirot said military personnel do not enter the Thai armed forces with the intention to be corrupt, and people should give them the opportunity to prove themselves as good officials.

The general denied that the armed forces were accumulating war weapons, saying that the purchases were for the sake of national security. The armed forces place orders in advance because the transaction takes some time, he said.

He added that the preparation of the armed forces, in terms of arms purchases, is aimed at preventing war. If weapons were not bought during peacetime, and if war did occur, the armed forces would not be able to procure weapons on time, since the weapons are made to order, Wirot added.

The supreme commander also defended Defense Minister Gen Chawalit Yongchaiyut against allegations that

he has received commission on arms purchases, saying that in his opinion Chawalit gains nothing from the arms transactions.

Meanwhile, Defense Minister Chawalit Yongchaiyut said yesterday that the Navy's proposed purchase of a helicopter carrier, which is today being submitted to the Cabinet for approval, is an old issue left over from the previous government.

According to Chawalit, the purchase is provided for under a four-year budget commitment from the government running from 1995 to 1998, totaling 1,600 million baht.

This year, the Navy has received 55 million baht of the total budget, and are expecting to receive 346 million in 1996, 464 million in 1997, and 660 million in 1998.

The helicopter carrier, named "Chakkri Narubet," is built by the Spanish company Bazan. The purchase is a government-to-government deal, and the Chakkri Narubet is expected to be operational in 1998.

The carrier's key function will be to form part of an effective rescue squad for sea rescue missions.

Chettha Plans To Visit Burma on Border Deal

*BK3110061795 Bangkok THE NATION in English
31 Oct 95 p A3*

[Report by Somchit Rungchamratsamsi]

[FBIS Transcribed Text] Mae Sot — Deputy Army Commander Gen Chettha Thanacharo yesterday announced his intention to travel to Rangoon soon in a bid to persuade high-level Burmese junta leaders to re-open the Thai-Burmese border and to resume the construction of a Thai-Burmese bridge.

Chettha's decision was prompted by his failure during yesterday's bilateral meeting to convince Burma's Southeastern Commander Maj Gen Ket Sein to agree to the Thai requests.

The Thai general said Burma has a centralized administrative system and so Ket Sein did not have a mandate to make a decision on whether or not to reopen the Burmese crossing at Myawadi, which has been closed since early March.

Chettha said he would travel to Rangoon within the next few days to persuade top leaders of the Burmese junta, known as the State Law and Order Restoration Council (Slorc), to reopen the Myawadi crossing with Thailand's Mae Sot district and to resume the construction of the nearly-completed Moei River bridge linking the two border towns.

Ket Sein, Deputy Construction Minister Col Aung San and about 10 other Burmese officials were received upon their arrival at Mae Sot by Chettha and other top Thai Army officers, including the Third Army Region Commander Lt Gen Thanom Watcharakhup.

The two delegations then proceeded to a local hotel where Ket Sein and Chettha held tete-a-tete meetings for several hours.

Informed sources said Ket Sein told Chettha that both countries know full well what the causes of the current problems are and expressed his hope that both sides can resolve them on the basis of fairness and righteousness.

Ket Sein, who met once with Chettha on July 14, was quoted as saying that he did not have a mandate to make a decision but would pass on the Thai requests to his higher-ups.

Speaking after seeing off the Burmese team, Chettha said both sides had held "the most open and frank" talks aimed at resolving the pending border problems by cooperation. He said a unilateral effort by either side would not work in this case.

He added that he had tried to persuade Ket Sein that it was in the interest of the Burmese side to see the border reopened, to help communications and transportation between both countries.

Chettha expressed the hope that Thailand would soon hear "good news" from his negotiating efforts which he expected would not last more than two months.

"The Burmese administrative system is unlike ours (Thailand) which allows the use of reasons and arguments (to settle problems). (For Burma) everything is centralized and this time the capital did not participate in the talks but sent a representative, who is an old friend, on a fact-finding mission," he said.

"He (Ket Sein) pledges to pursue (the Thai request) at the earliest opportunity and I believe there will not be any tension," Chettha added.

The Thai general said he believed that if both countries applied leniency, any problems could be resolved. Chettha said the construction of the Thai-Burmese bridge would take two more months.

Banhan, Deputies Discuss Money Laundering Bill

*BK3110161095 Bangkok Thai Color Television
Channel 9 in Thai 1200 GMT 31 Oct 95*

[FBIS Translated Text] Speaking about drafting an anti-money-laundering law, Prime Minister Banhan Sinlapacha said the plan will have to be carefully studied

because there are already differences of opinions about it. He said it will take some time to enact a bill.

[Begin Banhan recording, in progress] ...sensitive issue; therefore, it will take some time to study the plan carefully. Once we are sure that the law to be enacted would be beneficial, and after careful study, the government will certainly propose a bill. [end recording]

General Chawalit Yongchaiyut, deputy prime minister in charge of the Narcotics Control Board, does not think there should be any opposition to the plan, especially from leading members of the Chat Thai Party. He thinks everyone and every party should support the bill.

Reporting on the progress of drafting a money laundering bill, Dr. Witsanu Khrua-ngam, secretary general of the Cabinet, said that the Finance Ministry will still have to study the draft. There are certain aspects of the draft that might infringe on individual rights and on the business of commercial banks.

Dr. Amnuai Wirawan, deputy prime minister and leader of the Nam Thai Party, said that a money laundering bill is good because it will help financial institutions to check the irregular flow of money into the system. He said enacting such a bill has nothing to do with the image of the country, as Sano Thianthong, secretary general of the Chat Thai Party, claims.

[Begin recording] [Amnuai, in progress] ... will make it easy for interrogation and investigation.

[Unidentified correspondent] Would the bill have any effect on our investment?

[Amnuai] No. Other countries have adopted such a law. It is already something international. Enacting such a law would not make Thailand different from other countries. Other countries have already adopted this law, and most of them realize that this law is necessary. [end recording]

Foreign Minister M.R. Kasemsamoson Kasemsi stressed that Thailand is not drafting an anti-money laundering bill because it wants to please the United States.

[Begin recording] I think we have been drafting an anti-money laundering bill for some time already. I think it was started during the government of former Prime Minister Anan [Panyarachun]. Therefore, it is not a move to please anyone. [end recording]

Bank Official Opposes Bill

BK0111045195 Bangkok THE NATION in English
1 Nov 95 p A2

[Unattributed report]

[FBIS Transcribed Text] A Bank of Thailand official has voiced his objection to the proposed promulgation of an anti-money-laundering law, saying the existing regulations allow authorities to investigate the source of funding if unusual transactions are detected.

Thanasak Chantharawat, deputy director of the Bank of Thailand's Banking Department, said the central bank has the power to look at "unusual" deposits in commercial banks. Consequently, Thailand should consider how useful an anti-money-laundering law would be before passing it.

The government has been urged to draft such legislation in the wake of reports that the US indirectly pressured the Thai government to step up measures to suppress those who make money from illegal activities, including drug trafficking.

At present, the United States requires those who deposit more than US\$10,000 (Bt250,000) in an account to clarify the money's source.

Thanasak said the Bank of Thailand is entitled to scrutinize any suspicious accounts with commercial banks if it thinks the money in the account has been gained illegally.

Just as the Securities and Exchange Commission, the stock market watchdog, is able to look at the bank accounts of those suspected of involvement in stock manipulations so the Bank of Thailand is able to investigate unusual account transactions, he said.

"Although it may take time to find something strange with an account, it is not too difficult to do that under existing rules," he said.

He said there was nothing wrong with Thai commercial banks opening branches in the Cayman Islands, claiming they have chosen to go there because of the tax-free status there.

Cabinet Secretary-General Witsanu Khrua-ngarm said the Finance Ministry's stand on the issue was crucial to the bill's passage as the ministry would enforce the law if it was enacted.

Witsanu said the Cabinet was waiting for opinions from the Finance and Justice ministries before deciding whether to proceed with the bill or not. Prime Minister Banhan Sinlapa-acha said yesterday the issue was "very delicate" and required careful study.

The Finance Ministry asked the Office of the Narcotics Control Board (ONCB), which sponsors the bill, to clarify three points before the ministry determines its formal stand, Witsanu said.

Firstly, the ministry wants to know if the proposed law would violate an individual's right to confidential financial data, and if the legislation would permit such abuse of that right.

Secondly, the ministry fears the bill would create panic, making people believe that financial institutions cannot be trusted.

Finally, the ministry is worried the bill would lead to the defamation of individuals.

"The opinion of the Finance Ministry is very important because the finance minister will be the one to directly enforce the law," Witsanu said.

"So the ministry asked me to question the bill's author about its possible adverse effects."

The secretary-general said the bill would be submitted for Cabinet consideration once the Justice and Finance ministries registered their opinions.

If approved by the Cabinet, the bill would be checked by the Council of State before being sent to the House, Witsanu said.

He said the bill was just handed to the Cabinet Secretariat when the change of government took place in July.

"After the Cabinet was formed, I asked the ONCB to reconfirm whether it intended to propose the bill. I then asked for opinions of government agencies concerned after receiving the confirmation," Witsanu said.

Prof. Dr. Chaiyot Hemmarat, a lecturer of Chulalongkorn University's Faculty of Law who chaired the drafting of the ONCB's bill, said yesterday the Finance Ministry should have no reason to disagree with the draft.

"Finance Minister Surakiat Sathianthai was appointed by the Chuan government to act as adviser to the drafting committee," Chaiyot said.

"He regularly attended the committee meetings. He should have no reason to reject the bill now."

Chaiyot said if the bill was enacted, it could be regarded as "a great achievement of the government in financial and banking affairs".

He said the Democrat Party, the biggest opposition party, would not dare oppose the bill.

Cabinet Approves Navy Purchase of Carrier Parts

*BK0111085995 Bangkok BANGKOK POST
in English 1 Nov 95 p 2*

[Unattributed report]

[FBIS Transcribed Text] The Defence Ministry yesterday won cabinet approval for the Royal Thai Navy to procure spare parts and equipment worth 1,500 million baht (US\$60 million) for the helicopter-carrier HMS [His Majesty's Ship] Chakkri Narubet without having to go through counter-trade deals.

The Navy becomes the second state agency allowed to bypass the counter-trade negotiation requirement after the Army was allowed recently by the Government to buy 101 M60 A3 tanks from the United States for 1,300 million baht.

Waiting in line for a similar privilege from the Cabinet is Thai Airways International Co whose request for new planes spare parts and equipment worth 30,000 million baht has been left pending approval since the Chuan Likphai administration.

State agencies have been required since the last government to try to initially negotiate counter-trade deals in acquiring equipment or conducting any purchase from abroad worth more than 1,000 million baht (US\$40 million).

Under the decision reached yesterday, the Navy will be able to buy spare parts and equipment for the country's first helicopter-carrier from Spain without first having to negotiate a counter-trade arrangement.

Prime Minister Banhan Sinlapa-acha yesterday said the proposal had been proposed for cabinet approval since the last administration.

The Premier said the Navy had asked for the exemption from the counter-trade requirement. The requirement was a good policy but sometimes caused some difficulties for state agencies in their procuring process.

A senior naval officer yesterday explained that the proposal was made at the time when the helicopter-carrier HMS Chakkri Narubet was nearly completed and more equipment including the ship's combat system, fin stabiliser, flight deck crane and integrated logistics support system had to be installed on the ship in time for delivery.

The administration of former premier Chatchai Chunchawan had approved the Navy's request to build the helicopter-carrier at a cost of 7,000 million baht.

Apart from the Navy and the Army which were given the privilege in the acquisition programme, THAI has

been waiting in line for cabinet approval for the same treatment.

The company had tendered a request with the previous government's counter-trade subcommittee chaired by then deputy prime minister Suphachai Phanitchaphak to acquire planes and spare parts worth 30,000 million baht and reaffirmed its request when the Banhan administration assumed office.

The firm cited a possible delay in its acquisition plan if the purchases were to be conducted through counter-trade deals.

The US has also been the main buyer of Thai goods and is unlikely to accept the method of counter-trade deals.

THAI has listed in its proposal that it be allowed to acquire the following without having to negotiate bartertrade deals:

- Plane spare parts and equipment worth 2,056 million baht;
- The 1st-8th Airbus A300-300 worth 15,000 million baht;
- Instalment for a Boeing B747-400 worth 4,120 million baht; and
- The 9th Boeing B747-400 and six Boeing 777s worth 12,000 million baht.

Government sources said that since Mr. Suphachai's subcommittee had been disbanded and no new panel had been appointed, THAI was expecting to go directly to the Cabinet for approval.

Costs of Free Trade to Agriculture Viewed

*BK0111050895 Bangkok BUSINESS DAY in English
1 Nov 95 p 4*

[Editorial: "APEC Should Realize Free Trade Has Its Price"]

[FBIS Transcribed Text] The Asia-Pacific Economic Co-operation (APEC) will meet this month in Osaka, Japan in an attempt to make progress towards charting the course for free trade among the 18 member countries.

Since the target year for implementing free trade is still almost a quarter century away, the leaders attending the Osaka meeting might feel that time is on their side and that there is no immediate need to reach an agreement on the major issues separating them. In particular, the thorniest issue of all — liberalization of the agricultural sector — may be set aside for the time being because no compromise appears possible.

Further delays would be harmful, however, because a long lead-time is needed for countries to remove decades of protectionism in certain key sectors. Japan, China and South Korea have already indicated their wish to put off further negotiations on agricultural trade liberalization. It is clear, however, that if the countries postpone the needed agreements, time will run out on them long before the year 2020 comes around.

The issue of agricultural liberalizations pits Japan, China and South Korea against Australia, New Zealand, the United States and Thailand. The line is drawn between countries which have to import food products and those that are exporters.

The problem is particularly difficult for Japan because of its dependence on agricultural imports on the one hand and its long established commitment to protect and subsidize its farming sector on the other. Outside observers find it hard to understand why it is so difficult for Japan to reduce agricultural subsidies which economists claim add at least 50 percent to the cost of food products in Japan. From the Japanese standpoint, economics is just one of the factors in the complex equation which also includes cultural and traditional values. Needless to say, political considerations always weigh heavily in such matters.

But as much as one wants to commiserate with Japan and other APEC countries for their well intentioned desire to continue protecting the farmers, there comes a point at which one must insist that all APEC members realize that free trade is not "free" in every sense. There are costs and sacrifices. There are also benefits to be gained from paying the costs and making the sacrifices.

The APEC members must also realize that rules are meant to apply to all equally. Allowing each country to exclude certain sectors from the free trade agreement amounts to making exceptions to the rules, and once certain exceptions are made, more will surely follow. The free trade agenda has already been agreed upon in principle, so now is the time for all APEC countries to start bridging the gaps between principle and practice, and they can start doing so by demonstrating commitment to agricultural liberalization at their meeting in Osaka.

Board To Promote Burma as Top Investment Site

*BK0111063895 Bangkok THE NATION in English
1 Nov 95 pp B1,B2*

[Unattributed report]

[FBIS Transcribed Text] Rangoon — The [Thailand] Board of Investment [BoI] has placed Burma second on its list of most favoured trading nations behind Laos.

A BoI source said after considering the competitive advantages Thai investors hold over other foreign investors, Burma should top Vietnam, Cambodia, Southern China, the Philippines and Indonesia on the list of countries to be promoted.

"Vietnam, for example, is a tough market. It is too competitive for Thais to succeed," said the source.

At a seminar sponsored by the Thai Embassy in Rangoon last Saturday, the BoI's Director of International Affairs Dr. Atchaka Brimble, told about 100 Thai businessmen that Burma is a country full of opportunities for Thai investors.

Dr. Atchaka will head a BoI fact-finding mission to Burma between Oct 27 and Nov 2. In addition to Rangoon, the mission will visit cities in the south and fly to the far north to observe border trade between China and Burma.

The BoI director, however, said that BoI laws did not allow the investment board to grant tax exemptions for profit earned on overseas investment projects.

This might be an obstacle for Thai investment in Burma, which grants corporate tax exemptions to foreign projects for a period of only three years.

The BoI originally set out to promote investment in Thailand but the Anan government changed the agency's mandate to include promotion of Thai overseas investment.

Suthep Tangkhachawana, general manager of ICI Paints (Thailand) Ltd, told The Nation that because Thailand shares a border with Burma it has a competitive advantage over other countries in terms of trade and investment — especially if the government develops more roads connecting the two nations.

Suthep suggested the Thai government help Burma construct a road from Mydwaddi to Rangoon. The 200 kilometre road would connect Rangoon to Thailand's Tak province.

If the proposed road was constructed, it would facilitate the transport of Thai goods to Burma, helping Thai companies compete with the Singapore companies which currently dominate the Burmese market, he said.

The Board of Trade of Thailand's Executive Director Prayun Thaloengsi said Thailand has so far not been able to utilize its proximity to Burma in the battle against the Singaporean competition.

Prayun also recommended a review of Thai-Burmese border trade regulations to make them more systematic and streamlined.

The Royal Thai Embassy in Burma organized the seminar despite some recent political turmoil between Thailand and Burma. Burma recently closed its border points with Thailand virtually cutting off cross-border trade that equalled almost Bt 10 billion in 1994. With about 100 participants, the seminar was the largest ever gathering of Thai businessmen in Burma.

A Thai official in Rangoon confirmed that there have recently been some anti-Thai products leaflets distributed in the country. "This led to higher prices for Thai goods. In my view it was a positive sign because it showed that Thai goods are wanted by the Burmese people," he said.

The Federation of Thai Industries' (FTI) Executive Director Dr. Wiphan Roengphit praised the Thai Embassy's initiative as a breakthrough move by the Foreign Ministry which, in his view, should show more interest in overseas business promotion.

"Only 18 countries in the world have annual gross domestic product growth of over five per cent and 17 of them, including Burma, are in the Asia-Pacific region," said Dr. Wiphan. Wiphan headed a delegation of 30-FTI members attending the seminar.

Narry Tsz Wai Chan, general manager of Cedar Myanmar Manufacturing Ltd, said the group was reducing garment production capacity in Samut Prakan and in China and increasing it in Burma which has lower production costs.

Cedar began production at its Rangoon knitting factory only a few months ago with an initial investment of US\$4 million. Within the next six months, a second factory will be completed, increasing the company's Rangoon workforce to 3,100, he said.

"Production costs here are one-tenth of costs in Thailand," said Wai Chan, the son of David Chan, vice chairman and a major shareholder of Thailand-based Cedar Group.

Thanathip Chotikasathian, country manager of Loxley Myanmar Ltd, noted that after almost two years in Burma, he considered it time for Loxley to begin investing in manufacturing projects in the country. The businesses being considered by Loxley include construction material and consumer goods firms.

Loxley is already contracted to install 1,000 GSM digital telephone lines in the city of Mandalay. It is also tipped to win another contract to supply switching systems for 10,000 fixed telephone lines and plans to bid for a contract to install a digital telephone system in Rangoon next year.

Thotsathit Rotprasoe, assistant vice president and chief representative at Bangkok Bank's Rangoon office, said

it was easier to invest in export-oriented projects than domestic projects in Burma because a company can avoid becoming involved in the country's currency problems. Burma has two different exchange rates — an official and a market rate — and the official exchange rate is six Kyats per US\$1, while the market rate is 110 Kyats per dollar.

Poksak Nin-ubon, the Thai Ambassador to Burma, said he would like to see Thai businesses present a united front when they invest overseas to help keep up with the competition. According to the ambassador, Thai investment projects in Burma ranked fifth after British, French, Singaporean and United States efforts in 1994, with a total investment of \$264 million.

Dr. Atchaka also noted that the Thai public sector does not offer a united front when dealing with foreign entities. "One of the reasons we cannot fully support Thai investment abroad is that many people in government do not understand why the country should invest overseas when internal investment is still required."

Vietnam

Japanese Business Delegates' Visit, Ties Viewed

*BK0111154295 Hanoi Voice of Vietnam in English
1000 GMT 1 Nov 95*

[FBIS Transcribed Text] Vietnamese Vice President Nguyen Thi Binh on Monday received the visiting delegation of businessmen from Japanese city of Nagoya, Ishihara, chairman of the Toei Insurance Company. The delegation included representatives from 20 companies in all fields of the KYODO NEWS AGENCY and Toei. We review relations between Vietnam and Japan.

The aim of the visit was to study Vietnam's situation to further enhance cooperation and friendship between the two countries. The visit also enabled the Japanese companies to evaluate suitable Vietnamese markets. The Japanese Government officially resumed aid to Vietnam in 1993. Since then, there has been rapid and favorable development in relation between the two countries.

The successful visit to Japan by Vietnamese Prime Minister Vo Van Kiet in 1993 and Japanese Prime Minister Murayama to Vietnam in 1994, and the recent visit to Japan by Vietnamese Party Leader Do Muoi in April this year together with the exchange of visits of delegations, have taken relations to the new stage.

Economic and trade ties have particularly started to increase. Japan is now Vietnam's biggest trade partner. Two-way trade turnover was \$910 million in 1991. In 1992, it was \$1.4 billion. In 1993, it was \$1.8 billion, and it was triple in 1994. Japan is also Vietnam's largest aid supplier. It granted \$380 million in 1992,

\$476 million in 1993, and an estimated amount of \$600 million for the last fiscal year.

Since early this year, the Japanese Government has continued granting Vietnam nonrefundable aid for social education and cultural projects. Yet, cooperative potential between the two countries is very [?quiet]. Vietnam has a big human resource pool, rich in natural resources, and a rapidly developing economy, while Japan is the world's economic power with great potential for capital, high technology, and management experiences.

The economies of the two countries help one another. However, direct investment by Japanese companies in Vietnam is still modest. By the end of last year, Japan had only 73 projects with a total capital of \$790 million. It ranks the fifth of investing countries in Vietnam.

During his friendship visit to Japan in April this year, Vietnamese Party Leader Do Muoi emphasized that Vietnam welcomes Japanese businessmen's investment in concentrated industrial zones, natural resource exploitation, including oil and gas, industry manufacture and assembly. Vietnamese party leader wanted Japanese businessmen to pay more attention to electronics, machinery, metallurgy, and chemicals.

The current working visit to Vietnam of Japanese businessmen from Nagoya, as well as the exchange of visits between the two countries, have considerably promoted relations between Vietnam and Japan.

Belgium Provides 200 Million Francs in Credit

*BK2810155095 Hanoi VNA in English
1426 GMT 28 Oct 95*

[FBIS Transcribed Text] Hanoi VNA October 28 — Belgium will provide Belgian franc 200 million (roughly over USD66 million) under the form of preferential credit to Vietnam.

To this effect, an agreement was signed here yesterday by Vice Chairman of the State Planning Committee Vo Hong Phuc and Belgian Ambassador to Vietnam Benoit Ryelandt.

This amount will be used to export machinery and consultancy service from Belgium.

Prime Minister Vo Van Kiet's Assembly Report**First Installment**

*BK3010053395 Hanoi Voice of Vietnam Network
in Vietnamese 1100 GMT 27 Oct 95*

[First installment of Prime Minister Vo Van Kiet's report to National Assembly on 27 October in Hanoi — read by announcer]

[FBIS Translated Text] Dear National Assembly deputies, in recent days you have raised many opinions regarding government reports. Most deputies have agreed with the government reports on the evaluation of the socioeconomic achievements in the first nine months of 1995, as well as the shortcomings and weaknesses that need to be rectified in the remainder of the year and in 1996. In addition, the deputies also tendered many suggestions to the government on policies, directions, structures, and even concrete measures to improve the administrative functions of the government. The people and the government have been paying close attention to the discussions by the deputies. On behalf of the government, I would like to sincerely thank all of you for your contributions to the government reports. The government has directed relevant cabinet members to study the issues seriously and to tender further explanations on issues within their scope of responsibility, or to answer directly, by correspondence, each national assembly deputy. The government will continue to study your suggestions and use them to improve the tasks in the period to come.

Now I would like to present a number of issues that the government feels require high-level of agreement and determination for the near future:

1. The Relationship Between Development of Major Regions and Others:

In 1996, our country will enter a new developmental phase. The accelerated development of our economy and the objective demand of increasing participation to the world as well as the regional economy requires us to attain an in-depth development model that will strengthen efficient and dynamic development. Experience from other countries in the world show that in order to have a high development rate at the same time as having firm stability, we cannot rely solely on partial development in some core areas, nor can we strive for scattered and indiscriminate development in all areas. That is why the National Assembly deputies have expressed a high-level of consensus with the viewpoint that on the basis of comparable advantages and potential of each region, we should focus our development effort on some core economic regions, and use them as stimulants for other regions. We should create an effi-

cient combination of the development of core regions with the creation of conditions for the development of other regions, in order to avoid a widening gap between them in development pace. This viewpoint needs to be thoroughly studied on a national scale and should be applied to all areas of the economy. In every region and locality, there should be core dynamic development areas that will act as stimulative locomotives for the general development. Stemming from this perception, the planning and administering processes should highlight development of the core regions, and at the same time pay appropriate attention to other regions that still suffer many difficulties or are located in remote and disadvantaged areas, or in minority ethnic areas.

Rapid development of core regions does not benefit only their own localities or sectors, but also the country as a whole as it will create a momentum stimulating and supporting the development of other regions. The allocation of budget assistance to disadvantaged provinces is a demonstration of the redistribution of development benefit among all localities of the country, and will create conditions for these provinces to advance in the common development undertaking. The most vital issue, however, is to develop to the highest possible level the comparable advantages and potential of each region, to combine efficiently the investment of the central government and of the locality, and between state funds and people's contributions.

Following that direction, the government has been trying, and will continue to try, to complete development plans for all regions including the three major development regions. The government also helps the provinces build up their own development plans. I refer to Thanh Hoa province as an example, the investment in cement and sugar factories has helped highlight the locality's advantages and potential, and has created new momentum for the development of the province. The government has carried out many concrete measures to boost economic development in mountain areas and remote areas inhabited by minority ethnic people. The government has recently passed a plan for socioeconomic development for mountain regions to the year 2000. This evidence shows that the government does not only care about major economic regions or lacks concern for others.

Similarly, while trying to develop agriculture on a national scale, we should pay appropriate attention to agricultural development in major regions. In terms of food staples, we should focus on the two largest rice bowls of the country, which are the Mekong River Delta and the Red River Delta. We should give priority to the development of these two regions to ensure safe food reserves for the country, and to

improve the livelihood of food producing people. In recent years the Mekong River Delta has increased its food staple production from seven to 12 million tonnes in 1995. The result reflects great efforts on the part of the farmers, but it is also the result of significant investment from the state, both central and local levels, in water conservation and waste land reclaiming projects, and projects to diversify and intensify crops, to use new high-yield rice species, to promote agricultural services, to maintain price stability for supplies such as urea and phosphate fertilizers, to guarantee rice export markets, and to subsidy whenever rice price decreases. The state has also invested in electrification and development of infrastructure of the region. This is obviously a result of the correct development of comparable advantages of the region in agricultural production. Average investment for each hectare of land in this region is about 10 million dong, in comparison with 40 million dong for a hectare of land in central region. While farmers' profits here can reach 35-40 percent of their food staples and rice production, their counterparts in the Red River Delta will not be able to profit more than 20 percent of their production.

It is obvious that agricultural development in the Mekong River Delta does not only benefit the country as a whole, but also improves the earnings of local people. It is not correct to say that the state only takes away, as a National Assembly deputy commented, because it is state investment that contributed an important part in the development of the Mekong River Delta. We are not entirely satisfied with what we have done for agricultural and rural development, or for our farmers. In reality, in agriculture-only areas and especially in food-crop-only areas such as the Red River Delta and the Mekong River Delta, farmers' earnings are still slow even though the state only extracts agricultural tax from them. In order to heighten farmers' earnings, we should continue to make changes for the better in economic mechanism renovation in rural regions in parallel with efforts to develop industry, traditional trades, and other rural services. The state also needs correct policy for the food staple producing regions.

The development of agriculture and rural regions in past years contributed significantly to the improvement of the people's livelihood, and changed the life in the rural regions. There are still many tasks to do such as development of rural infrastructure; planning for new residential quarters and housing models in the face of regular natural disasters and floods in the Mekong River Delta, the Red River Delta, and in central region; economic development for mountain regions and remote areas of minority ethnic people; the campaign to

eliminate hunger and reduce poverty; and so forth, as the government report had outlined.

Agricultural production, particularly grain production, is greatly significant for our country, a country with diverse agricultural potential. When joining the international and regional markets, we must constantly improve the efficiency of our agricultural production. It is because of this that we have advocated stabilizing the supply of materials needed for agricultural production, including producing fertilizer for self-support, as the price of fertilizer in the world fluctuates and tends to increase. The price for a tonne of fertilizer increased from \$120 in early 1994 to \$275 in early 1995. Our demand for fertilizer is great. Every year we have to import some 1.2 million tonnes of fertilizer valued at approximately \$300 million. Our present in-country annual production output is only about 100,000 tonnes.

Earlier, we were able to produce fertilizer from coal. This production method is costly and is not cost-effective. As we are now able to exploit oil and gas, the production of fertilizer from oil-based substances for self-support is reasonable and cost-effective and will help ensure a stabilized supply for agricultural production. Therefore, the argument that there is no need to build a fertilizer plant does not fit our current, or long-term, requirements.

It would be a big mistake if, with the oil, gas, and manpower resources available and with the great demand for fertilizer, we fail to build an industry based on oil and gas. It would also be a big mistake if we believe that as our neighboring countries already have large plants with a huge output, there is no need for us to invest in building fertilizer plants or oil refineries, steel plants, and shipyards. Of course we must make a very careful choice if we want to achieve high efficiency while speeding up national industrialization.

We would like to add that the delivery of state farms and forestry sites to various localities for management is part of our party and state policy aimed at rearranging the organization and restructuring the management mechanism of various state-run agricultural and forestry businesses, gradually improving the economic, social, and ecological effects in these areas. Land, forest land, and forests must have specific owners and must be linked to worker households, the local people and residential communities in order to carry out forestry-based social development. Only by doing so can we prevent the harmful practice of forest destruction and indiscriminate forest exploitation, and protect and develop our forest assets.

In fact, it is not that all our state farms and forestry sites are weak or prone to negative phenomena but many

of them have played an important part in local socioeconomic development. Even in the Central Highlands, the Ya-Sup, Cong Ha Nung, and Gia Nghia Unions have over the years succeeded in reforesting 124,000 hectares and adding to the local budget a total of 108 billion dong, building 2,100 kilometers of road, first-aid stations, and housing estates in their areas of responsibility, and shaping up various towns and urban areas. They have attracted 7,000 ethnic minority families to work at the forestry farms and have given forest land to various households for permanent management. The life of the people has been guaranteed and developed. These forestry sites have contributed greatly to changing the economic, cultural, and social face of the region and to maintaining public order and security in the region. Thus, we cannot say that regarding the people as the root means allowing the forestry sites to cut down all the trees and then deliver the remaining roots to the people for management as claimed by certain national assembly deputies.

The reason why we have turned state farms and forestry sites to various localities is to form a new, more efficient mechanism capable of ensuring economic, social, and ecological development.

Second Installment

BK3110005095 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 27 Oct 95

[Second installment of Vietnamese Prime Minister Vo Van Kiet's report to the National Assembly in Hanoi on 27 October — read by announcer]

[FBIS Translated Text] II. State Budget. The state budget is a very important area. The government has exerted considerable effort to direct all sectors and echelons to be strict and careful in establishing targets on budget collection and spending to ensure that the state budget will better serve national requirements for socioeconomic development.

There may be some targets that are not firmly established; however, that does not mean that the government has outlined and presented the state budget to the National Assembly out of mere formality and that the government has not based its planning on any foundations, as a deputy suggested.

Planning the state budget is a complicated issue, especially when our economy is still small, scattered, and relatively unstable. We still suffer a great imbalance between spending demand and collection ability. Moreover, we have not gained much experience in planning and managing the state budget when our economy is transferring to a new structure.

In this session, many deputies focused their opinions on the situation of budget spending and collection in 1995 and 1996. With the spirit of strictly adopting the National Assembly deputies' opinions, the government instructed the finance minister to explain concrete issues.

The task of budget collection and spending in this last two months is very formidable. It demands great efforts and determination from all sectors and echelons. The government will concentrate its guidance to achieve the collection target approved by the National Assembly in this session. It totally agrees with many deputies on the principle that a shortage in collections will result in a correlative cut in spending. In the last two months of 1995, the government will thoroughly apply this principle in guiding and managing the state budget.

The government will also continue to carry out a policy of saving on all expenses because, in reality, the practice of thrift is not implemented thoroughly in all sectors and echelons, from the central to the local levels. On the contrary, new wasteful trends are now appearing. For example, after national holidays with historic meanings in 1995, many sectors, localities, and units have held expensive and wasteful anniversaries. The government suggests that the National Assembly deputies increase their supervision over all sectors and echelons to ensure an increase in budget collections and savings, thus contributing to the successful execution of 1995 socioeconomic tasks and the creation of momentum for the implementation of the 1996-2000 five-year plan and the 1996 plan.

Many deputies agreed with the 1996 budget collection and spending plan, but some were concerned about the great budget deficit and our unreliable ability to compensate for the deficit. On this issue, I would like to present more points as follows:

— The budget collection plan was carefully checked and calculated before presenting to the National Assembly. It was established on the basis of the current collection ability and changes made by this National Assembly session. All targets related to economic development were estimated while considering possible changes in the consumer price index and efforts to improve our management work.

— Based on the 1995 experience, the 1996 collection estimates are more accurate and closer to reality to avoid embarrassment and confusion in operation. I suggest that the National Assembly pass this plan so that spending allocation can be established and sent to all ministries, sectors, and localities.

— During the state budget implementation process, the government will instruct all sectors and echelons to strive for higher collection targets so that we can increase spending for development investment and financial reserves.

— In adopting the National Assembly deputies' opinions, the government has instructed the Finance Ministry to check all budget spending to reduce the deficit, while estimated spending on infrastructure investment, security, national defense, health care, education, training, and wages will remain the same. The budget deficit will be 3 percent of our general domestic product; therefore, budget spending will be tightened. That requires all ministries, sectors, and localities to increase guidance over the collection work, introduce concrete programs to reduce spending, rearrange their expenditures, and temporarily postpone unnecessary expenses to make urgent payments.

The government agrees with many deputies' opinions, and it will thoroughly apply the principle that budget overspending is to be compensated for by national medium- and long-term loans and by preferential loans from overseas. The issue is that we have to reduce and gradually stop using short-term loans with high interest for budget spending, change financial resources for overspending, and tighten spending to cut down the practice of seeking more loans to repay overdue debts.

Subsidies to cover budget overspending in 1996, using overseas and domestically mobilized loans, have been carefully calculated, in which overseas loans are determined by the number of already-signed projects and agreements. The actual loans to be acquired can be higher. If more loans are acquired, more capital will be allocated to investment in infrastructure construction.

III. Regarding Anticorruption and Antismuggling. Corruption and smuggling have been assessed as serious risks and challenges to the country's development. The party and the government have produced many directives and resolutions on the fight against corruption and smuggling. The government has also carried out various policies and measures to prevent and suppress these disasters.

The government had worked out anticorruption and antismuggling measures for 1995, as stipulated by Plan No. 53, which all sectors and all echelons were ordered to seriously implement. From the beginning of this year, antismuggling forces have discovered and handled many smuggling cases, including major cases. In the early months of the year, however, smuggling activities still continued, especially along sea routes.

Of the goods smuggled in 1995, the most crucial one is rice, which was exported illegally, thus causing a crisis in the safety of food reserves, driving up rice prices in the domestic market, and causing chaos in the domestic food staples market. Some local administrations and state agencies have used their own partial benefits as excuses for turning a blind eye, or even assisting the smugglers in their wrongdoing.

To counter the situation, the prime minister met with the chairmen of people's committee of some provinces and cities in June 1995 to review the antismuggling task in the first six months of the year and to discuss work to do in the remaining months. The government stance in the fight against smuggling is firm, and it does not tolerate any smuggling activity at all. All smuggled goods will be confiscated, and individuals involved in smuggling activities will be handled strictly in accordance with state laws. In that direction, the prime minister has ordered the Ministries of the Interior and National Defense to conduct the necessary judicial procedures to bring criminal charges against rice smugglers in the recent past. Thanks to these firm measures, the situation has begun to show signs of improvement, and the number of smuggling cases has reduced in recent months.

The fight against corruption and smuggling is a complicated task because it involves various socioeconomic factors, while its contents, scale, and target groups are very much different from those in the campaign against firecrackers. It requires comprehensive and persistent measures to be carried out over a number of years. An international anticorruption and antismuggling conference was held in Beijing recently, and that event shows the international nature of these disasters.

Firecrackers, breaches of regulations on dikes, and breaches of traffic order and safety can be seen and denounced by anybody, while perpetrators of smuggling and corruption are crafty and are ready to use the most skillful tricks to conceal themselves from the law and the public. They even exploit state authority through state agencies and their facilities and take advantage of loopholes in the law and state policies to serve their individual or partial interests. In that sense, the result of this struggle depends on the process to refine state laws, the uniformity of our policies and the administrative reforms program, the refinement and enhancement of the state administration's efficiency, and the quality and competence of the contingent of cadres. These results cannot be obtained by wishes and determination only.

The government, all sectors, and all echelons have exerted certain efforts in this struggle and have achieved certain outcomes, as we have reported to you in this session as well as previous ones. But, as I said before,

the result we have already obtained does not correspond to the people's expectations, to the expectations of each one of us. The fight against corruption and smuggling cannot be separated from the regular activities of each and every sector, level, locality, or individual. We should not separate our leadership task from the direct inspection and control of party committees of all levels, people's councils, and National Assembly deputies delegations. We also cannot compare this fight with the campaigns to ban firecrackers, restore traffic order and safety in cities, and handle breaches of dike regulations on the Yen Phu dike.

It is not that the government was not determined enough in the fight against corruption and smuggling, as asserted by one of the National Assembly deputies. It is because the fight requires not only the government's effort, but also the common effort of the people as a whole and of each one of us.

Third Installment

*BK3110024895 Hanoi Voice of Vietnam Network
in Vietnamese 2300 GMT 27 Oct 95*

[Third installment of Prime Minister Vo Van Kiet's report to the National Assembly in Hanoi on 27 October — read by announcer]

[FBIS Translated Text] IV. Measures to Resolve a Number of Pressing Issues.

1. Measures to deal with violations of the regulations on dam and dike protection in Hanoi: In the past few years, violations of the regulations on dam and dike protection have prevailed in many provinces, especially with the building of houses and other projects on sections of the Yen Phu-Nhat Tan Dam of Hanoi. This has become a major obstacle to typhoon and flash-flood control work in Hanoi and the adjacent areas. In the face of this complicated situation, the prime minister and deputy prime ministers held several meetings with various ministries, sectors at the central level, and scientists concerned and decided to make an on-the-spot inspection tour to appraise the real situation, map out effective measures to protect dams and dikes, and maintain laws and regulations, thereby helping to minimize damage to the property of the state and people.

The prime ministers decided to deal with these violations in two parts. The first one is to immediately demolish all houses and projects directly threatening dams and dikes to ensure their safety before the beginning of the 1995 rainy season. While Hanoi strictly dealt with violations to sections of the Yen Phu-Nhat Tan Dam in accordance with the Prime Minister's instruction, many provinces and cities nationwide also took measures against violations of regulations for protec-

tion of dams and dikes in their localities. Many houses, straw huts, tents, brick kilns, and other projects have been partially or completely dismantled to enable the management, protection, and strengthening of dams and dikes when wanted.

For the second, the prime minister called for efforts to use the experiences drawn from the first step, to firmly grasp the Party Central Committee Political Bureau's guiding thought on the problem, and to consider the real situation on the Yen Phu-Nhat Tan Dam — taking into account the improved weather conditions close to the end of the rainy season when there will be more time available to draw out appropriate measures against violations — to resolve this issue. In this context, the prime minister has instructed the Ministry of Water Conservation and the Ministry of Construction; the Ministry of Science, Technology, and Environment; the Cadastral General Department, ministries and sector concerned, and the Hanoi People's Committee to study and review the number of houses on sections of the Yen Phu-Nhat Tan Dam to form appropriate technical measures to ensure dam safety, while preventing some houses and projects from being demolished. However, the owners of the spared houses and projects must comply with the request and inspection of the Ministry of Water Conservancy and the Hanoi People's Committee. They must abide by the special management regulations formed by the Ministry of Water Conservancy. When dam safety is threatened, house and project owners in the area must comply with the decisions of the Ministry of Water Conservancy and the Hanoi People's Committee. Houses and projects that still threaten dam safety after technical measures have been taken will be demolished.

The abuse of authority in permitting peasant households to build houses and projects, and the building of houses without permits on sections of the dam are illegal and must be reviewed and dealt with. However, to ensure justice and correctness, it is necessary to carefully examine the nature of each and every case so as to form appropriate measures against them. The prime minister has authorized the Hanoi People's Committee and the Ministry of Water Conservancy to apply stipulations of the current law to determine the forms of punishment. This task will be completed by the end of 1995.

While providing guidance for sectors and echelons to urgently overcome the consequences of these violations, the prime minister has promptly instructed various ministries, sectors concerned, and the Hanoi People's Committee to review the tasks of the responsible cadres and to strictly take measures against those who have neglected their duties. The government has held many conferences to determine the collective and

individual responsibility shirked by leading cadres of the Hanoi People's Committee and the Ministry of Water Conservancy. The government will continue to review the tasks of the Ministry of Construction and the Cadastral General Department in this regard. The government has proposed serious disciplinary action against irresponsible cadres of the Ministry of Water Conservancy and the Hanoi People's Committee. Due to the serious nature of this issue, the Ministry of Interior has prosecuted seven offenders, five of them on charges of abusing their authority and two for irresponsibility. To date, the investigation is basically completed and dossiers of the case are being examined by law enforcement agencies.

2. The Rapid Increase in Cement Price in the Second Quarter of 1995:

In April and early May 1995, the cement market nationwide began changing and its prices began rising dramatically. At the peak in Hanoi and Ho Chi Minh City, cement was sold at 1.8 million dong per tonne, thus causing public confusion, adversely affecting the price index, and creating serious difficulties for some sectors of the socioeconomy. The prime minister has implemented many urgent measures to resolve this issue. Thanks to this, since mid-May the cement price has gradually stabilized.

On 19 May, the prime minister instructed the State Inspector General to form an inspection team to investigate the causes of the rapid increase in cement price. From this investigation, the government came up with the following conclusions:

— The Cement General Corporation [CGC] has the power to decide on the production, import, and use of cement because it has been authorized by the government to manage its demand and supply to stabilize the market. The CGC has sufficient resources to carry out this task, yet it made serious mistakes in the management, production control, import, and distribution of cement, thereby causing imbalances to its supply and demand. This caused a rapid increase in cement price. These mistakes were due to the poor management, irresponsibility, and the ill-intentions of some cadres of the cement sector many of whom for their own gain, had earlier made contracts with cement traders and speculators.

— The CGC General Director's adjustment of the cement price in the first three months of 1995 in accordance with the Government Pricing Committee's plan was improper because it encouraged the belief that prices have been increasing since early this year.

— State agencies managing, inspecting, and controlling cement carried out their tasks loosely. The Ministries of Construction and Commerce did not fulfill their state management duties in controlling the production, export-import, and consumption of cement.

— The prime minister stressed that the main cause of the high cement price was a number of bad elements who took advantage of our mistakes in managing the production, import, and consumption of cement to speculate and create artificially high prices, thereby causing serious losses to our state and people. The first set of people who are to take responsibility for this are the CGC general directors and deputy general directors, Cement Export-Import Corporation director and deputy directors, and the director and deputy directors of the Hoang Thach, Bim Son, Ha Tien No.1, and Ha Tien No. 2 Cement Companies. The Minister of Construction, the Minister of Commerce, and Chairman of the Government Pricing Committee should also take responsibility for their shortcomings in carrying out the state management task.

On the basis of these conclusions, the prime minister has decided to take the following measures:

A. Immediately abolish the policy on priority sale of cement to dealers, stop selling cement on the basis of the distribution policy, and reorganize the wholesale and retail networks. The Ministry of Finance has been charged with coordinating with agencies concerned to detect and monitor speculators engaging in cement trading for their own benefit and to confiscate their profits made from price differentials for the state budget.

B. The Ministry of Construction, the Ministry of Commerce, the State Planning Commission, and agencies concerned are charged with drawing on their concrete experiences to improve the organization and management of the cement sector, to overcome the adverse effects of this monopoly, to maintain a balance in cement supply and demand, and to closely monitor the market to promptly manage and control prices.

C. The Ministry of Interior is charged with coordinating with the State Inspector General to prosecute and investigate the individual responsibility of staff in the CGC and its affiliated units involved in rapidly raising prices. Those found guilty will be brought before the court of law.

D. The ministers of commerce and construction, chairman of the Government Pricing Committee, and the CGC Director General are instructed to seriously review and propose appropriate disciplinary action against those found guilty and to submit this proposal to the

Government for a final decision. The minister of construction shall within his power take disciplinary action against the directors and deputy directors of units affiliated to the CGC. There government has requested that efforts be made to impose punishment based on the seriousness of each case, in order to effectively maintain and protect state laws and regulations.

Fourth Installment

*BK3110142395 Hanoi Voice of Vietnam Network
in Vietnamese 0500 GMT 28 Oct 95*

[Fourth and last installment of Vietnamese Prime Minister Vo Van Kiet's report to the National Assembly in Hanoi on 27 October — read by announcer]

[FBIS Translated Text] III. Grain Price Fluctuations

Generally speaking, grain production, particularly rice production, in the country has increased every year since 1989 with crop output varying from one crop to another, given that crop failures were reported in some areas and bumper crops in others. This increase in grain production has satisfied our domestic demands, and has provided us with some surplus. Now we can, on a regular basis, export between over one to two million tonnes of rice [per year]. However, grain prices usually fluctuate, and are marked with ups and downs. When grain prices increase, judging from an aspect of immediate benefit, peasants will, of course, gain more income. This will help increase the income of a large number of rural people. But if a fast increase in grain prices causes the prices of other foodstuffs to soar, the consumer price index will follow suit. Not only will this trend have a direct impact on the livelihood of those with a fixed income, particularly those with low wages, but it will also destabilize the macroeconomy and cause negative consequences for production investment and for the entire economy. Therefore, unlike 1994, in 1995 the government regarded the need to stabilize grain prices as an important factor in containing inflation. In 1995 grain production continued to achieve a bumper crop. If there will be no unexpected natural calamities between now and the end of the year, it is estimated that we will be able to achieve a gross volume of grain production in terms of paddy of between 27.4 and 27.7 million tonnes, an increase of more than one million tonnes over last year, with paddy alone amounting to 24.9 million tonnes or an increase of 1.4 million tonnes.

However, from April to July, a remarkable increase in grain prices continued to be noted. The price index for grain and foodstuffs for the first nine months of the year was 19.5 percent, and the price index for grain was 16.6 percent. Whereas, the price index for industrial goods was up by only 6.2 percent, and services by

8.4 percent. Thus, the price index for consumer goods, especially for grain and foodstuffs, rose by a digit. In the north, despite failures suffered from the 10th-month crop, the price of rice increased sharply in the pre-harvest period — between April and May 1995. The government took concrete measures to regulate the grain supply by shifting rice from the Mekong River Delta to the north. The rice prices which briefly soared have dropped and stopped at the level of 3,000-3,400 dong per kilo, nearly 50 percent higher than the average price in 1994. What is unusual is that in the Mekong River Delta, rice prices continued to rise despite the fact that the winter-spring and summer-fall crop harvests were very successful, and that the amount of paddy surplus was considerable. A direct reason for this was that as the rice prices in the world market continued to rise, our export units fetch the highest-ever price for their rice sales — between \$330-\$350 a tonne. Aware of the rising trend of rice prices, peasants tended to hold back their rice, expecting higher prices. This was also prompted by a tendency to keep rice as a precaution against natural calamities and against [rice shortage] in the leap month of August. Meanwhile, prompted by an urge to buy rice for stocking at a time when their rice sale contracts did not require them to do so, rice exporting companies offered high prices for rice to buy it up. In addition, many rice trading units pretended to buy rice for the north and later illegally exported it to China. This created a state of competitive buying, thus pushing the rice prices up.

To address this problem, the government decided to allow only 2 million tonnes of rice to be exported this year as previously planned. It has closely overseen rice exports at every stage while increasing the rice export tax to a maximum according to a price chart approved by the National Assembly. The prime minister issued a directive banning small-time rice exports. Facts show that the maintenance of security for our country's grain supply requires us, on the one side, to step up production while, on the other, to satisfactorily organize and manage marketing work. It is necessary to readjust the organization and activities of various state-run grain organizations, grain trading corporations, and national grain reserves under the close operating guidance of the state for the regulation of demands for domestic consumption and for export. Apart from performing solely as a business, state-run grain corporations must serve as an important tool of the state to ensure security for our national grain supply. In this vein, the government is trying to readjust the organization and operations of various general grain corporations, establish order within grain trading businesses of the state sector, strengthen the material and financial forces of various general corporations, clearly define the manage-

ment mechanism and control of the state, and establish regulations to promote close cooperation between grain corporations and national grain reserves organizations in the regulation between supply and demand, and stabilize the domestic rice market and rice exports. At the same time, measures must be taken against competitive buying and selling as this may cause price hikes, and against the abuse of authority to arbitrarily enforce prices at the expense of peasants.

IV. Addressing the Disaster of Yellow Snails

In compliance with suggestions made by the National Assembly in its previous session, on 30 May 1995 the prime minister asked the state inspector-general to investigate this disaster to find its cause, the people who are responsible for it, and to come up with appropriate countermeasures. So far we have gathered enough facts to reach the following conclusion:

Although yellow snails existed in our country for a long time, it was only in 1989 and 1990 that yellow snails began to spread throughout many areas of the country. Initially, only some families raised yellow snails in their homes on a small scale. But since 1989 when the [Nixon] corporation of Ho Chi Minh City officially organized the breeding of yellow snails in accordance with an industrial process, the raising of yellow snails has become popular. During 1989 and 1990, VIETNAM NEWS AGENCY and the newspapers TUOI TRE and NHAN DAN carried a series article hailing the economic advantage of rearing yellow snails. In 1992, the Ministry of Culture and Information published tens of thousands of books providing technical guidance for the breeding of yellow snails. By early 1991, yellow snails had spread from cottage-industry breeding facilities of the [Nixon] corporation and from the Lien Thanh facility in Cu Chi district, Ho Chi Minh City, of the Kim Hung corporation in Kien Giang, and from other facilities of the Central Aquacultural Service Corporation under the Ministry of Marine Products to virtually all areas of the Mekong River Delta and to many central and northern provinces.

By then, no authoritative organs from the central to the local levels had been able to discover the harmful side of breeding yellow snails. Consequently, there have been 26,010 hectares of rice, 2,227 hectares of subsidiary food crops, 7,210 hectares of ponds and lakes, and 675 kms of canals and ditches infested with and devastated by yellow snails. In Ho Chi Minh City, Ben Tre, and Nghe An alone, 55 households claimed to have 25 hectares of rice completely destroyed by yellow snails.

According to initial general statistics, various provinces and cities have spent hundreds of thousands of man-days and billions of dong eradicating the yellow snails,

but they have so far been unable to completely get rid of them.

On learning about the destruction by yellow snails, the prime minister issued a directive on 5 October 1992, banning the breeding and import of yellow snails. Then on 29 September 1994 and on 11 March 1995, the prime minister again issued directives on the eradication of yellow snails. Through various efforts to enforce these directives, it was only recently that clear-cut results have been obtained thanks to the fact that localities have taken positive measures, and have been able to mobilize many forces to participate. Should the prime minister's directive have been scrupulously followed from the beginning, the disaster of yellow snails would have been eradicated a long time ago.

In a meeting held on 13 September 1995, the cabinet standing committee uniformly noted that motivated by a spontaneous economic urge, yellow snails had quickly spread to various localities and that out of ignorance about the adverse affects of yellow snails, various information and propaganda organs spread one-sided propaganda regarding the economic advantage of yellow snail breeding. This shortcoming is ascribed to the Ministry of Marine Products, and the Ministry of Science, Technology, and Environment, and the Ministry of Agriculture and Food Industry in exercising state control over crop plants, animals, and the environment. The Customs General Department must also take partial responsibility for having allowed yellow snails to infiltrate into our country and spread so rapidly.

The State Commission for Cooperation and Investment — which granted permission to the Kien Hung-1 joint venture corporation to process fish powder and dried marine products for export — and the local administration concerned failed to promptly stop the illegal import of yellow snails by the corporation. Worthy of note is that following the prime minister's directives, banning breeding and import, and ordering the eradication of yellow snails, the aforementioned responsible ministries and various localities concerned have failed to take timely and drastic countermeasures.

The prime minister is considering disciplinary measures against the responsible ministries such as the Ministry of Science, Technology, and Environment, the Ministry of Agriculture and Food Industry, and the Ministry of Marine Products, and against localities such as Ho Chi Minh City and Kien Giang for being the main sources from which the disaster of yellow snails has spread. At the same time, the prime minister directed various sectors and echelons to continue their concentrated efforts on eradicating all yellow snails as soon as possible.

The responsibility for the occurrence of the four aforementioned incidents rests partially with the government. The prime minister lacked close operating guidance and failed to provide regular control over the exercise of state management duties by various sectors and echelons in their respective areas. A number of incidents were not promptly discovered, and were left unattended until the situation became relatively grave, thus causing a lot of difficulty in efforts to address the situation. Disciplinary action against those organizations and individuals found guilty have not been quick and stern enough.

Allow us, the government and the prime minister, to criticize ourselves for these shortcomings and to take responsibility before the National Assembly. We have positively redressed and will continue to redress and overcome these shortcomings.

Dear National Assembly deputies: The above issues are those about which a number of deputies have expressed their concern. On behalf of the government, may I ask that the deputies join with the government in achieving close cooperation with various ministries, sectors, mass organizations, the local administrations at various levels in the process of deploying and implementing various party and state policies; in constantly supervising and inspecting the activities of the government and of various ministries, sectors, and administrations at various levels in an effort to bring all socioeconomic activities under law and order and to enforce the law; in ensuring the remaining tasks for 1995 and the 1996 plan already passed by the National Assembly are successful so as to continue moving our country's renovation process forward.

Thank you.

Thai Daily: 8th Congress Key to Cabinet Reshuffle

BK3110074995 Bangkok BANGKOK POST (INSIDE INDOCHINA Supplement) in English 31 Oct 95 p 1

[Report by Atchara Atchayakachat]

[FBIS Transcribed Text] Vietnam wants to see how its latest administrative changes work before embarking on a major cabinet reshuffle.

A major shake-up will not occur until after the Communist Party holds its eighth congress in the middle of next year. It will review the impact of the country's international economic integration and its administrative reforms.

The National Assembly, Vietnam's legislative body, last week approved plans to merge eight ministries and ministerial bodies into three new ministries as part of

ongoing administrative reforms to reduce the size of the bureaucracy.

This means two personalities under threat of replacement, Finance Minister Ho Te and Trade Minister Le Van Triet, will stay in their jobs until the middle of next year.

The issue of personnel would not be raised until the congress, said a Vietnamese official who asked not to be named.

Ho Te was one of nine ministers grilled by deputies for their failure to resolve budget deficit problems and contain inflation, as well as for the decrease in tax collection owing to rampant corruption.

There have been calls for the "young and dynamic new generation" to take over these two key portfolios vital to Vietnam's economy.

"The reshuffle ended the Stalinist-style administrative structure and signified our move toward a more westernised system. The party has reached a turning point in leading the nation into global and regional integration while maintaining socialist ideology," said the Vietnamese source.

Vietnamese leaders have visited many countries since the Cambodian peace pact ended Hanoi's isolation. The end of the U.S. trade embargo last year, culminating in normalisation of U.S.- Vietnam relations this July, broadened the leaders' horizons and Vietnam's international exposure.

"The party realises that after joining ASEAN we must have a system compatible with that of our counterparts. Most countries, especially in the West, have only 12-15 ministries and the same principle can be applied in Vietnam," the official said.

Parliament, therefore, approved what the party had long considered. As a result, the Ministry of Agriculture and Rural Development will replace the former ministries of agriculture, forestry and water resources. The new Ministry of Industry amalgamates the former ministries of light and heavy industries and energy.

Two ministerial-level bodies, the State Planning Committee and the State Committee for Cooperation and Investment, will become one new entity, the Ministry of Planning and Investment.

An estimated 400 bureaucrats are likely to become redundant, but will be taken care of, according to officials.

The Government Personnel Department, in charge of all state employees, has been told by Prime Minister

Vo Van Kiet to work out ways to cut the number of government staff by 20 per cent. In the past two years the reduction has been only 2.6 per cent.

Parliament's approval of the ministry mergers is only the start of what could be a time-consuming exercise.

"The government is discussing how to implement the merger," said Vu Mao, chief of the National Assembly's office, adding the picture might be clearer soon when ministers transfer duties to each other.

If it was not possible to cut the staff by half, they would be reduced by a third, he said on Saturday when the assembly's annual session drew to a close.

Officials at provincial level are likely to be the first to feel the impact of the mergers when the ministries close their offices in various provinces.

"It won't create big chaos as expected, since more activities such as foreign-funded projects and business-related jobs still require staff, especially with the pending division between administration and business management."

With Vietnam preoccupied with new activities, such as those brought about by its ASEAN membership, the government would have room to accommodate those made redundant, he said.

Australia**British Support for French Tests Draws Protests**

*LD3010114695 Melbourne Radio Australia
in English 0900 GMT 30 Oct 95*

[FBIS Transcribed Text] Protests are mounting in New Zealand and Australia against British support for the French nuclear tests in the South Pacific. New Zealand's opposition leader, Helen Clark, said she would use a state luncheon in honor of the British prime minister in Auckland next week to publicly inform John Major of her Labour Party's disgust over his soft stance on French nuclear testing.

The leader of New Zealand minority parties known as the Alliance called on MP's to join him in boycotting the luncheon. Jim Anderton said Mr. Major's apology for France was a grave insult to every Commonwealth country in the Pacific. Mr. Major arrives in New Zealand next week to attend the Commonwealth Heads of Government Meeting.

Australia's federal opposition [conservative Liberal-National coalition] leader, John Howard, said he was deeply disappointed by Mr. Major's endorsement of

the tests. Mr. Howard said Mr. Major failed to understand the hostility in Australia and Pacific nations to the nuclear blasts. The Australian and New Zealand Governments have signalled that they intend using the Auckland Commonwealth meeting to protest against the French nuclear tests.

Party Voices Opposition

*LD3010152095 Melbourne Radio Australia
in English 0700 GMT 30 Oct 95*

[FBIS Transcribed Text] [words indistinct] Tavini Huiraatira, the French Polynesian pro-independence party, has called on nations attending the Auckland Commonwealth meeting to voice their opposition to the French nuclear tests. The party's Nelson Ortas said British Prime Minister John Major had shown his true colors by supporting the French tests.

[Begin Ortas recording] Mr. Major has not voiced very much concern for the well-being of his ex-colonies, nor his present compatriots. But in case we cannot rely on the big ones, we will have to do it ourselves. This is why I ask natives of the region to submit and to support a resolution for decolonization. [end recording]

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